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The Civil List

The amounts to be paid to members of the Royal Family under the Civil List Acts to finance expenditure incurred in carrying out their official duties in 1984 have been announced by the Chancellor of the Exchequer. The sums are based on recommendations of the Royal Trustees in a report[1] published on 16 January.

The recommended payments from the Consolidated Fund were announced by the Chancellor of the Exchequer, Mr Nigel Lawson, on 16 January (*Hansard*, Vol 52, No 77, written answers, cols 23-4) and represent an increase of 4 per cent over expenditure incurred in 1983, the amount considered necessary by the Royal Trustees to maintain existing standards in 1984. The sums are as follows: the Queen's Civil List £3,850,000 (compared with £3,676,900 in 1983); Queen Elizabeth the Queen Mother £334,400 (£321,500); the Duke of Edinburgh £186,500 (£179,300); Princess Anne £116,200 (£111,700); Prince Andrew £20,000 (£20,000); Prince Edward £20,000 (£20,000); Princess Margaret, Countess of Snowdon £113,100 (£108,700); Princess Alice, Duchess of Gloucester £45,800 (£44,000) and the Duke of Gloucester, the Duke of Kent and Princess Alexandra together to receive £331,000 (in 1983 £87,600, £118,000 and £112,700 respectively).

No special provision is made for the Queen's eldest son, the Prince of Wales, who is entitled to net revenues from the Duchy of Cornwall, though at present he surrenders a quarter of these to the Exchequer. In 1983 the amount paid to Prince Edward was £8,500, the balance being accumulated by the Royal Trustees. The payments made to the Duke of Gloucester, the Duke of Kent and Princess Alexandra are matched by payments made into the Consolidated Fund by the Queen.

Royal Trustees' Report

Under the Civil List Act 1972 the Royal Trustees (the Prime Minister, the Chancellor of the Exchequer and the Keeper of the Privy Purse) are required to keep under review the annual amounts of Civil List expenditure and from time to time to make reports to the Treasury. Their last report was published in February 1975. The arrangements established by the Civil List Act 1972 provided for an annual payment to meet the salaries and expenses of the Royal Household, annuities for certain members of the Royal Family, contributions to the expenses of others (the Duke of Gloucester, the Duke of Kent and Princess Alexandra) and Civil List pensions. The Civil List Act 1975 made provision for the Treasury to make payments to the Royal Trustees from which these sums could be supplemented. The figures given combine the annual payment and the supplements.

In their report the Royal Trustees state that they are satisfied that the system has worked well. They point out that the Civil List meets the cost of staff and expenses incurred wherever the Court is in residence in providing for the official duties of the Queen as Head of State. About 70 per cent of the total is disbursed on salaries of staff working in the Royal Household, the majority of whom are paid salaries directly linked to those of comparable grades in the Civil Service. The Royal Trustees are satisfied that every effort has been made to secure continuing economies in the administration of the Royal Household.

Tables in the report show payments to members of the Royal Family for the years 1975 to 1983 and a breakdown of household expenses over the same period.

The report also gives an account of expenditure borne by government departments on services connected with the Royal Family. This includes, for 1983-84, an estimate of £9,087,000 on the Royal Yacht and £4,763,000 on the Queen's Flight by the Ministry of Defence and £8,057,000 on royal palaces and residences by the Department of the Environment.

[1] *Civil List Acts 1972 and 1975. Report of the Royal Trustees*, HC 183. HMSO, £2·80. ISBN 0 10 218384 8.

Changes in Electoral Law

Proposals for changes in the electoral law which would extend the franchise to many British citizens resident abroad; enable holidaymakers and others unable to vote in person at an election to apply for a postal or proxy vote; and increase the deposit at parliamentary elections while lowering the threshold for forfeiting the deposit are contained in a White Paper[1] published on 31 January. The Government intends to introduce legislation to give effect to the proposals in the 1984-85 Session of Parliament.

[1] *Representation of the People Acts. The Government Reply to the First Report from the Home Affairs Committee, Session 1982-83*. HC 32-1. Cmnd 9140. HMSO, £3·15. ISBN 0 10 191400 8.

The White Paper

The White Paper is the Government's response to a report on the Representation of the People Acts by the Home Affairs Committee of the House of Commons[1] published in April 1983 which reviewed the whole field of electoral law. Its proposals would apply at parliamentary and European Parliament elections throughout the United Kingdom and where relevant at local elections in England, Wales and Scotland. (The registration of electors for local and Assembly elections in Northern Ireland and the conduct of those elections are the subject of separate legislation which is not considered in the White Paper.) Comments on the proposals are invited by the end of April.

The Right to Vote

The Government accepts the Select Committee's recommendation that the present voting rights for people resident in the United Kingdom should remain unchanged. It points out that the right to vote at elections throughout the United Kingdom is one of a number of civic rights and obligations shared by British citizens, other Commonwealth citizens and citizens of the Republic of Ireland. British citizens have the right to vote at national elections in several Commonwealth countries, and in the Republic of Ireland a Bill giving British citizens the right to vote at elections to the Dáil (Irish Parliament) has been given a second reading.[2]

The White Paper makes proposals for extending the franchise to British citizens resident outside the United Kingdom. Such people, who at present lose their right to vote when they move abroad, would be allowed to vote at parliamentary and European Parliament elections (but not at local elections) for a period of seven years after the expiry of the last register on which their names were included while resident in the United Kingdom. Those eligible would be entitled to vote by post or proxy in the constituency in which they formerly lived and would be required to make an annual declaration of residence overseas. The first declaration would have to be certified by a consular official.

Absent Voting

In general electors must vote in person at the polling station but there are at present special arrangements for those who are likely to be away to apply for a postal or proxy vote. These fall into two categories: those who may apply for an indefinite period and those who may apply in respect of a particular election. The former include service voters (members of the armed forces, Crown servants and British Council staff employed overseas, and their spouses if living abroad); blind or physically incapacitated people; people abroad because of the general nature of their occupation or employment; and a small number of people in remote parts of the country who are unable to reach the polling station without a sea or air journey. The grounds on which an elector may apply to be treated as an absent voter at a particular election include religious observance, membership of the reserve or auxiliary armed services, and employment on polling day as a police constable or an election official.

The Government proposes that, apart from service voters and electors resident abroad, the right to apply for an absent vote for an indefinite period should be confined to people unable to vote in person on polling day through blindness or other physical incapacity. An application on grounds of physical incapacity would have to be countersigned by a registered doctor, a Christian Science practitioner or a registered nurse. (The arrangements for people unable to reach their polling station without a sea or air journey would also remain.)

At the same time it is proposed to extend the right to apply for an absent vote by post or proxy at a particular parliamentary, European Parliament or local election in Great Britain to all those who, for any reason, are unable to vote in person. This would include holidaymakers, people away from home in the course of employment and others prevented from voting in person who are not covered by existing provisions. Under the new arrangements holidaymakers and others applying for an absent vote would have to state on their application form why they could not vote in person and have the form countersigned by an unrelated elector.

Because of the widespread concern at the extent of electoral abuse in Northern Ireland, including the abuse of postal voting, the new arrangements for holidaymakers would not apply there.

The Parliamentary Election Deposit

The Government proposes that the candidate's deposit at parliamentary elections, which was set at £150 in 1918, should be raised to £1,000. This is intended to discourage 'the proliferation of merely frivolous and disruptive candidates' who make 'a mockery of the electoral process'. At present the deposit is forfeited after the election if the candidate polls less than 12½ per cent of the total votes cast in the constituency. It is now proposed to reduce this to 5 per cent since, while penalising 'frivolous or disruptive' candidates, this would allow modestly supported independent candidates and those from the smaller parties to recover their deposits.

Other Proposals

The White Paper makes a number of proposals designed to improve the accuracy of the register of electors and the Government is to review the electoral registration timetable.

It is also proposed to discontinue the last hour of polling at parliamentary elections – that is from 9 p.m. to 10 p.m. The White Paper says that this hour is little used and delays the count. Polling hours would be standardised at 7 a.m. to 9 p.m. at both parliamentary and (except in Northern Ireland) local elections.

[1] *Representation of the People Acts. First Report from the Home Affairs Committee House of Commons, Session 1982-83*, HC 32-1. £4·15. ISBN 0 10 008023 5.

[2] In February the Irish Supreme Court ruled that the wording of the Bill did not comply with the Irish Constitution. As a consequence the issue is to be put to a referendum in June.

Data Protection Bill

The Data Protection Bill received a second reading in the House of Commons on 30 January by

226 votes to 104. It contains powers to guard against the threat to privacy posed by the rapid growth in the use of computers and gives effect to the proposals set out in the White Paper *Data Protection* (see p 147, 1982). The Bill establishes a Data Protection Registrar, who will maintain a register of personal data users and computer bureaux and have powers to ensure that personal data are used in accordance with the general principles set out in the legislation; sets up an appeal tribunal for data users; and gives data subjects certain legal rights, including a right of access to their personal data and in certain circumstances a right to compensation. Data needed to safeguard national security and certain other limited categories of information will be exempt from the provisions of the legislation.

A first version of the Bill had almost completed its passage through the House of Commons (see pp 151-3, 1983) when Parliament was dissolved before the general election in June 1983. The new Bill differs from its predecessor in a number of respects, changes having been made in the provisions dealing with registration and exemptions.

HOUSE OF COMMONS DEBATE

Home Secretary's Speech

Introducing the Bill's second reading (*Hansard*, Vol 53, No 87, cols 30-110), the Home Secretary, Mr Leon Brittan, said that developments in information technology had revealed how easily and rapidly information might be manipulated, collated, transferred and retrieved, and that information could include sensitive personal details. It was entirely understandable, therefore, that the proliferation of the technology had led to some anxiety that personal information was collected from unknown sources, stored in data banks and used for all sorts of purposes. Actual instances of abuse, though not unknown, were still few and far between, but it was important to guard against abuse in the future. This joint aim of protecting the citizen while actively encouraging the use of the computer had been shared by successive Governments.

International Considerations

Similar concern in the Council of Europe had led ultimately to the European convention on data protection, which was opened for signature in 1981 and which the United Kingdom had signed but could not ratify until the Government had its own legislation in place. The Organisation for Economic Co-operation and Development had also been active in this area, producing a set of guidelines governing the protection of privacy and trans-border flows of personal data which the United Kingdom had endorsed in 1981. Business depended more and more on the free flow of data between countries. The convention and the guidelines both confirmed the right of countries which had introduced data protection safeguards to restrict the flow of personal data to other countries which did not offer comparable precautions. Ratification of the Council of Europe convention was therefore of prime importance on two grounds. First, it would reassure people in Britain that when computers were used for the storage and use of personal data there were special safeguards for individual privacy which were well up to the international standard. Secondly, ratification would ensure a very important commercial interest – that British firms were not placed at a disadvantage in relation to firms in European countries. It was vital to remember the need to achieve a reasonable balance, ensuring that the rights of individuals as data subjects were properly protected, without imposing unreasonable burdens on the data users who collected and processed personal data.

Registration Provisions

At the heart of the scheme established by the Bill lay the data protection principles, the office of the Data Protection Registrar and the public register of data users. Subject to one or two exceptions, the Bill required all those who processed personal data automatically to register as data users and to set out in the public register certain details of their operation. The role of the Registrar was then to see that they complied with the eight data protection principles which set the standards for the collection, storage and use of personal data (see p 147, 1982). These requirements did not apply to those who kept personal information only in manual form. Mr Brittan accepted that personal information stored on manual files might pose a threat to the privacy of the individual, but in the Government's view that threat was of a different order from that posed by the automatic processing of personal data.

On the question of registration Mr Brittan explained that any person wishing to find out whether a particular company maintained a file of personal data might do so by the simple expedient of looking up a public register, which would tell him not only of the existence of the file, but also the purpose for which the data were held. To maintain an unregistered file would be an offence. Changes had been made to the registration provisions of the previous Bill to avoid unnecessary registration. The convention specifically required that personal data should be stored only for specified and legitimate purposes, that data should not be used in a way that was incompatible with the purposes for which they were held and that they had to be adequate, relevant and not excessive in relation to those purposes. Without some form of prior registration of purposes, therefore, it was difficult to see how these requirements could be met. Finally, registration imposed an important discipline on users. It would require them to scrutinise the uses to which they put their computers and the purposes for which they held personal data – to check that they complied with the general data protection principles. Amendments had been made to the procedure for applying for registration or for alteration of registered particulars in the light of comments made on the previous Bill.

Right of Subject Access

Mr Brittan turned to the important new right of subject access – that is, the right of an individual to be informed by a data user if he held information about him and to have a copy of any relevant

information. A data subject who was denied this right of access might go to the court requiring the user to grant access. Every individual would be entitled to access to information stored about him on computer. This entitlement was in some respects more comprehensive than that provided in the legislation of some of those countries commended as being in the forefront of data protection. The Bill enabled the individual, if access revealed inaccuracy, to go either to the court or to the registrar, if he preferred, to have the data corrected.

Exemptions

That part of the Bill which dealt with exemptions had inevitably aroused more interest than any others, and a number of changes had been made involving both additions to and deletions from the list of exemptions. Exemptions from all the operative provisions of the Bill – that is, the data which neither had to be registered nor were subject to the data protection principles, nor to the Registrar's supervision – included data relating to national security; data which under existing law must be made public; and data held for payroll and accounting purposes provided that they were not used or disclosed save in the very limited circumstances specified. The final group of wholly exempt data was data held for domestic and other strictly limited purposes. That exemption was contained in the previous Bill, although some of the conditions had been modified.

All other data – including data held by the police – had to be registered, and the Registrar could generally demand that they complied with the data protection principles. However, in certain specified circumstances, exemptions from particular provisions applied – notably from subject access and from the prohibitions on disclosure of data to others. Like the European convention the Bill recognised that there had to be certain limited exceptions to the right of access if vital functions were not to be prejudiced. An exemption from the subject access provisions was therefore provided for data held for the purpose of law enforcement or for revenue purposes, but only if granting subject access would prejudice those purposes. These exemptions were clearly permissible under the convention.

Equally clearly, they were not an erosion of existing individual rights. Similarly, limits had been placed on the extent of the new prohibitions on disclosure of personal data. At present data users were at liberty, subject to any obligations of confidence or any professional or ethical restraints, to disclose personal information at will. As a result of the Bill, however, a data user would be prevented from disclosing data unless he had registered in advance the person to whom he was making the disclosure. With regard to the disclosure of information for purposes such as crime prevention or tax collection, however, the previous position would remain unchanged. Data users would be allowed to reach their own decisions on whether to disclose information in certain circumstances. The police had not been given the right to demand the production of information, nor had users been placed under any obligation to provide information.

The Bill had originally contained an exemption for personal data relating to immigration control. That exemption had been widely perceived as being discriminatory, and anxieties were expressed that that perception could affect good race relations. The Government had been persuaded that in the interests of good race relations it would be right to drop the exemption.

Conclusion

Mr Brittan concluded by saying that the Government had tried to anticipate the ways in which personal data might be used and to provide appropriate controls and safeguards. Since technology was developing all the time, it had concentrated on the uses to which data might be put rather than the equipment which was used. Some people had suggested that the Bill would impede progress by prolonging the use of manual records which were outside its scope. The forces of technological progress were so strong that he did not think that this would happen. He believed that the Bill would in the longer term positively encourage the use of information technology. Over and above that, the Bill, by encouraging good practice in the general use and protection of personal data, would lead to more efficient and cost-effective data handling generally, which would also be of a direct advantage to data users.

Opposition Views

Mr Gerald Kaufman, the official Opposition spokesman on home affairs, said that a great deal of personal information was not computerised and individuals would have no right of access to it. Even when the law in theory gave individuals access to their files, it would provide them with an inadequate remedy when such access was illegally obstructed. The need for a court hearing in order to obtain their rights would deter many people. He considered that it was in its disclosure provisions that the Bill was most unsatisfactory. In the case of medical information data were not held by the doctor but by the registered user, presumably the health authority, and the doctor would have no control over them. The medical profession rightly took the view that it was quite unacceptable for someone other than a doctor to pass on such information, possibly against the wishes of the doctor or without him knowing. This was possible under the Bill. Britain lagged behind other countries in being without any real freedom of information legislation, and was inadequate in its legislation to protect privacy. The Bill, as well as advancing trade, could have been a long-awaited freedom of information Bill and a much needed privacy Bill. For these reasons the Opposition would vote against it.

Speaking for the Social Democratic Party, Mr Robert Maclennan acknowledged the importance of international data flows to industry and commerce and said his party would give qualified support to the Bill, which it considered still needed amendment in committee. He agreed with many of the interests concerned that codes of practice should be introduced. The Bill would still allow information given in confidence to be disclosed to tax and customs authorities and to the police; if such disclosure was

necessary, this possibility should be made clear in advance. The Bill should also be amended to prevent impersonation for the purpose of gaining access to personal information.

For the Liberal Party, Mr Simon Hughes also said that the Bill needed further amendment. Its definitions were vague and needed clarifying. In his party's view manual records should be included and he hoped that the Government would consider extending protection to manually stored data during this Parliament. Local authorities, who dealt with a large number of records, wanted clear codes of practice. His party would vote for the Bill on second reading, but unless substantial improvements were made would reserve the right to oppose its third reading.

European Security

Proposals designed to increase confidence and security regarding military affairs in Europe were outlined by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, on 20 January in a speech delivered to the Stockholm Conference on Disarmament in Europe.

The mandate for the Stockholm meeting, officially called the Conference on Confidence- and Security-building Measures and Disarmament in Europe, was agreed to by Britain, 32 other European countries, the United States and Canada, at the second review conference of the 1975 Helsinki Final Act on Security and Co-operation in Europe which was held in Madrid between 1980 and 1983. It formed part of the Concluding Document signed by all the participating countries in September 1983 (see pp 307-12, 1975, and pp 325-8, 1983). The objective of the Conference is to take, in stages, effective action to strengthen confidence and security and to achieve disarmament in Europe. The first stage at Stockholm is devoted to the negotiation of a set of mutually complementary confidence- and security-building measures aimed at lessening military confrontation. Western proposals were formally presented to the Conference by the countries of the North Atlantic Treaty Organisation (NATO) on 24 January.

Foreign and Commonwealth Secretary's Speech

While reaffirming the British Government's conviction of the need for balanced and verifiable measures of disarmament and its commitment to work actively towards that objective, Sir Geoffrey said that the Conference was not, in its first stages at least, concerned with the reduction of armaments but with a recognition of the fact that the prevention of war was not simply a question of numbers or quantities of weapons. 'It is above all a question of confidence, of trust between nations and between those who lead them.' The main purpose of the Helsinki agreement had been to begin a process of dialogue and contact between states and people at every level and in as many fields as possible. 'The need to build trust and understanding between East and West is as pressing now as it was then. The need to understand the effects of our actions on others and to take account of their legitimate security interests has, if anything, increased.'

The Foreign and Commonwealth Secretary pointed out that the Helsinki agreement had set out a number of human rights measures designed to affect people's lives. This human dimension had to be kept in mind by the Conference. 'Our aim is to make this continent a safer place for the people who live in it; and they will not feel safer if they have cause to mistrust the solemnly stated intentions of their own government or of those of other participating states. . . . We seek agreements, not for their own sake, but so that they should be put into practice.'

Sir Geoffrey emphasised that agreement on military confidence-building measures could not be a substitute for negotiations on nuclear arms between the United States and the Soviet Union (see pp 418-20, 1983) nor on conventional forces (see footnote, p 8), and he called for these interrupted negotiations to resume as soon as possible. Nor should the Conference seek to cut across the work on disarmament being done under the auspices of the United Nations, for instance, the Conference on Disarmament in Geneva on chemical warfare where Britain was taking a leading role in efforts to secure a total and verifiable ban on weapons worldwide (see pp 126-7, 1983). Nevertheless if the Stockholm Conference was able to increase mutual understanding and confidence, the effects would be felt far outside its immediate framework.

Turning to the purpose of the Conference, Sir Geoffrey said that the participants would be working on measures to increase security and to reduce the mistrust that divided the European continent. 'This division cannot be permanent. Our common bonds of history, of language and of culture are too strong for us to allow that to happen. The process of overcoming the divisions cannot of course be accomplished overnight. It will be a matter of small steps: an incremental process requiring realism and patience, as well as imagination and flexibility.' The Conference would need to follow 'the tested principle of moving from the particular to the general – in sensible, practicable steps'.

Strengthening International Trust

To improve the conditions for international trust, Sir Geoffrey continued, measures were required for four specific purposes:

1 to reduce secrecy by agreeing to the observations and inspection of military activities and by encouraging the exchange of information;

2 to establish clear guidelines for the advance notification and reporting of military activity;

3 to promote stability and to inhibit the temptation to resort to force or the threat of force for political purposes; and

4 to facilitate crisis management in periods of tension and to reduce the risk of surprise attack.

Britain would propose such measures at the Conference and these would conform with the terms of reference agreed to at the Madrid meeting and be designed to make a practical contribution to the building of confidence and security in Europe. The proposals of others also should be formulated with these points in mind. The Madrid terms of reference were designed for one major purpose, Sir Geoffrey said: to avoid sterile debate on points of known difficulty. 'So let us not divert the energies of our delegations in the weeks ahead in discussing declarations on no first use of nuclear weapons, which cannot possibly be verifiable; or comfortable sounding schemes which cannot sensibly apply to the whole of Europe; or ambitious treaties, which are clearly beyond a first phase conference designed to agree on measures which are politically binding.'

Sir Geoffrey also hoped that the tone of the debate during the Conference would help strengthen the political dialogue between East and West. If negotiations were successful, he continued, there was no reason for the Conference not to consider more ambitious proposals. 'I would certainly not rule out the idea of moving from a stage which concentrated on measures to produce military transparency, to subsequent stages dealing with restrictions on certain military activities and negotiated reductions in force levels. If we can produce solid achievements in all these respects, we might look again at the possibility of some more solemn instrument, reaffirming our commitments under the United Nations Charter and in the Final Act. But a great deal of patient progress will be necessary first.'

Drawing conclusions from the lack of progress in arms control during the last five years, Sir Geoffrey said that arms control negotiations alone could not and should not bear the full weight of East-West relations. The dialogue had to be widened and given more substance. 'We all exist in one world; we have to live together for good or ill; and, to achieve that, we need to know and understand each other better. The British Government, for its part, will do all it can to that end.'

United States Views

Speaking to the Conference on 17 January, the United States Secretary of State, Mr George Shultz, called on the participants to embark on a renewed, open and comprehensive East-West political dialogue, and reaffirmed the United States' commitment to the reduction and elimination of the threat and use of force in solving international disputes, to the reduction of armaments, and to the establishment of a better working relationship with the Soviet Union. Mr Shultz said that the United States and its allies would be making a series of specific proposals under which participants would agree to exchange information about the organisation and location of their military forces; to provide annual previews of military exercises and advance notice of significant military activities which observers would be invited to attend; to enhance the capacity for rapid communications between governments in times of crisis; and to provide for verification of compliance with these undertakings. He added that the United States was willing to resume nuclear arms control negotiations which the Soviet Union had suspended, and would also present a draft treaty on the verifiable elimination of chemical weapons at the United Nations Conference on Disarmament. Referring to the artificial division between Eastern and Western Europe, Mr Shultz said that the United States did not recognise the legitimacy of that barrier, saying that it was 'the essence of Europe's security and human rights problem'.

Soviet Proposals

Noting that one of the urgent tasks of the Conference was to strengthen political and military confidence among countries, the Foreign Minister of the Soviet Union, Mr Andrei Gromyko, said on 18 January that if the NATO countries showed a readiness to return to the situation before the deployment of the United States medium-range nuclear missiles in Europe, the Soviet Union was also ready to do so. Soviet ideas on confidence-building measures put forward by Mr Gromyko included mutual obligations by states not to use nuclear and conventional weapons against one another, together with a pledge by the parties 'to act in good will, with a view to halting the arms race, and achieving disarmament'; an agreement on reducing military spending; the removal from Europe of weapons of mass annihilation such as chemical weapons; the establishment of nuclear free zones in various parts of Europe; and the further development of the practice of prior notification of major manoeuvres and of limiting the number of forces involved, and extending this to include major air and naval exercises in the sea and ocean area and the airspace adjoining the European continent.

Prime Minister's Visit to Hungary

The commitment of Britain and its allies to the reduction of nuclear and conventional armaments was reaffirmed by the Prime Minister, Mrs Margaret Thatcher, in Budapest on 3 February during a visit to Hungary.

Speaking at a dinner given by the Hungarian Prime Minister, Mr Gyorgy Lazar, Mrs Thatcher said that the world faced three main questions, namely how to ensure progress towards a better life for all its peoples, how to enable each nation to shape its own destiny, and how to build a secure peace with freedom from fear. 'And in responding we must not allow ourselves to be prisoners of events, still less to be deflected by plausible half-truths or empty panaceas. We must wrestle with the world as it is, and try to make it what we would like it to be.'

Security and Disarmament

The Prime Minister said that although Britain and Hungary stood on different sides of a political divide, the search for stability, security and peace embraced them both. One great test of leadership in coming years would be the imagination and determination brought to arms control and disarmament. This would require political will and mutual respect since it was useless to suppose that East or West would agree to dismantle weapons unless at every stage they were left with a balance which preserved their security. Both sides needed to adopt practical measures capable of verification and designed to recognise each other's security. 'If all accepted this approach there could be fewer nuclear weapons, fewer conventional weapons, and for a start perhaps chemical weapons could be abolished altogether as Britain has already done.' At the Stockholm Conference (see p 48) Britain was seeking concrete measures to strengthen confidence and security in Europe and was willing to do everything possible to achieve the Conference's goal. Britain and its allies positively wanted agreements to reduce arms since weapons that were fiction yesterday were fact today. 'There is a deep yearning amongst our peoples to halt and reverse this process, particularly in the nuclear field. This is no time for empty chairs in Geneva. This is the time to talk; the time to negotiate; the time to succeed.'

Noting that Britain believed passionately in certain fundamental values – peace with freedom, justice and political democracy – Mrs Thatcher said that, although the Hungarian and British systems differed, both countries had common interests. 'To work for a world where we can live together without conflict and to our mutual advantage is neither to abandon our beliefs nor to relax our vigil. And the membership of our respective alliances does not exclude bilateral co-operation.'

Technology and the World Economy

Earlier in her speech Mrs Thatcher noted that the countries of the world had unprecedented scientific and technological resources at their disposal. 'We have the resources – and if we also have imagination, energy and common sense, the world of 2000 will be one of greater opportunity, more freedom of choice, less hardship, less poverty and more knowledge.'

Commenting that Britain and Hungary were trading nations and had suffered from current world economic difficulties, Mrs Thatcher welcomed signs that the recession was ending since this would give both countries better opportunities to increase their bilateral trade. Britain would encourage Hungarian concerns to study and analyse the British market and to seek further export opportunities, and she hoped that British businessmen would receive comparable opportunities in Hungary 'to compete with all comers on equal terms'. She hoped also that calls for protectionism would be resisted. 'Protected industries tend to become inefficient industries: their products fail to keep pace with change. They soon become dying industries. And custom goes elsewhere.' The hunger for a higher standard of living throughout the world was so great that the problem was not how to share out existing demands but 'to encourage our economies to produce the goods and the growth that [would] meet the legitimate aspirations of our people'.

Middle East

The British contingent to the Multinational Peacekeeping Force (MNF) in Beirut was redeployed on 8 February to the Royal Fleet Auxiliary *Reliant* stationed off the Lebanese coast. Earlier, during a visit in January to Egypt, Saudi Arabia and Syria, where he discussed the situation in Lebanon and the prospects for a Middle East peace settlement, the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, said that Britain had no wish or intention to intervene in the internal conflicts of Lebanon and that, while the MNF should remain there as long as it was able to play a constructive role, it could not stay indefinitely.

LEBANON

The redeployment of the 115-strong British contingent followed the resignation of the Lebanese Government on 5 February, the defection of Moslem elements of the Lebanese army to militia groups, and the seizure of West Beirut by Moslem militias.

A statement from the Prime Minister's office on 8 February said that the decision to redeploy the British contingent had been taken in the light of the deteriorating security situation in Beirut and the particularly exposed position of the British headquarters building. Britain was in the closest touch with the Lebanese authorities and with its MNF partners, and the situation of the British community in Lebanon, numbering between 1,500 and 2,000, was being kept under constant view.[1]

Earlier, on 7 February, the United States announced that its contingent of some 1,500 marines would be moved to the Sixth Fleet offshore in a phased redeployment over the next few weeks. It was later stressed that the United States commitment had in no way weakened and that the subsequent shelling by the United States of positions in Syrian-occupied areas of Lebanon was designed to demonstrate continued US support for the Lebanese army as well as to protect US and European citizens in the greater Beirut area. On 8 February Italy announced that it intended to make a gradual withdrawal of the remainder of its contingent to the MNF (some had been withdrawn in January), but said it was anxious to ensure the continued protection, possibly by a United Nations force, of Palestinian refugees living in the Sabra and Chatila camps in Beirut, which the Italian troops had been guarding.

In a televised statement on 12 February, President Mitterrand said he had not given any order for French troops to withdraw from Beirut but he was prepared to do so if necessary. France was trying to hasten a decision by the United Nations Security

[1]By 12 February some 2,500 foreigners, including some 520 British and Commonwealth nationals, had been evacuated from Beirut by air and sea.

Council to replace the MNF with United Nations troops, a move President Mitterrand believed was essential if renewed massacres in Lebanon were to be avoided.

Britain's View

In a statement in the House of Commons on 8 February (*Hansard*, Vol 53, No 94, cols 881-93), the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, said the Government had been considering closely and urgently the situation in Lebanon, where conditions and the prospects for achieving reconciliation had deteriorated sharply in the past few days. The danger to the British contingent, which had been performing the two important tasks of carrying out street patrols in Beirut and, at the request of all the parties, providing an impartial guard for the ceasefire talks (see pp 369-70, 1983), had been greatly heightened. In these difficult circumstances, the British Government had been in close touch with its MNF partners and had decided that the British contingent should be moved to the Royal Fleet Auxiliary *Reliant*, which was stationed off the Lebanese coast, and should remain there until the situation became clearer. The major part of this redeployment had already been successfully completed.

Paying tribute to the British contingent, which had earned a high reputation among all Lebanese as an impartial force and had carried out its tasks with exemplary courage and efficiency, Sir Geoffrey said it had played an important part in contributing to stability in the Beirut area and in providing an opportunity for political reconciliation. It was a tragedy that this opportunity had not been seized.

'The need for the restoration of stability, sovereignty and independence to Lebanon remains of the highest importance. We shall stay in close touch with our MNF partners, with the Lebanese Government and with all those who can help in this process. If needless bloodshed is to be avoided, a supreme effort must now be made by all the parties to settle their differences by compromise.'

In response to questions, the Foreign and Commonwealth Secretary said Britain had been pressing for the placing of a United Nations force in Lebanon for several months, but this would require the assent of a wide range of countries and, first, a request from the Lebanese Government itself. There was a need for continued action to try to secure a resolution of this most unhappy situation, but the resolution of disputes in Lebanon could be achieved only by the determined efforts of its people to bring about a process of reconciliation. Alongside that, it was important to press for the withdrawal of all foreign forces as a result of agreement with all the countries that had an interest in the area, including Israel and Syria. For many months Britain had sought to sustain diplomatic initiatives to secure movement by all the parties concerned to advance the prospects, and would continue to do so with its European partners as far as necessary.

In an earlier statement on Lebanon made at a press conference in Damascus on 12 January during his Middle East tour (see below) the Foreign and Commonwealth Secretary said the sole purpose of Britain's involvement in the MNF was to help extend the authority of the legitimate Government by encouraging the process of reconciliation and facilitating the withdrawal of all foreign forces from the country. 'We have no wish or intention to intervene in the internal conflicts of the Lebanon. We have stressed that the Multinational Force cannot stay indefinitely. But we think that it should remain while it is able to play a constructive role.' For their part, continued Sir Geoffrey, the people of Lebanon had a responsibility to seize the breathing space presented by the Multinational Force to make the concessions which were necessary for genuine reconciliation. The presence of the Force should be seen as 'increasing rather than removing the pressures for internal adjustment in the Lebanon'

Responding to questions, Sir Geoffrey said Britain did not believe that the existence of the 17 May 1983 troop withdrawal accord between Israel and Lebanon (see p 369, 1983) ought to be an obstacle to progress, although it was clear that Syria wanted it abrogated. The important thing was to recognise why there were anxieties about such an agreement, and to try to make progress notwithstanding its existence.

MIDDLE EAST VISIT

In addition to the problems of Lebanon, Sir Geoffrey Howe's discussions with Arab leaders during his visit to Egypt, Saudi Arabia and Syria from 8 to 12 January focussed on the prospects for a Middle East peace settlement.

Visit to Egypt

Speaking at a press conference in Cairo on 9 January, Sir Geoffrey reaffirmed Britain's views on the resolution of the Arab-Israel conflict. Britain's position, shared by the ten member states of the European Community, remained that it was not too late to build on the positive elements in Arab thinking which had emerged at Fez (see pp 285-6, 1982), the involvement of the United States implicit in the Reagan plan (see pp 285-6, 1982) and the Rumsfeld negotiations,[1] and the groundwork laid by King Hussein and Mr Yassir Arafat, with support from other Arab moderates (see pp 155-9, 1983).

Pointing out that his visit coincided with developments that could aid the peace process after nearly a year of stagnation, such as the talk of a new alignment within the Palestine Liberation Organisation (PLO) and the changed relationship between Egypt and Jordan, the Foreign and Commonwealth Secretary said his concern on his tour was to assess how much potential there was in these developments and to discuss what Britain could do in conjunction with the member states of the European Community and the United States to help the peace process forward. He and the Egyptian Foreign Minister had agreed that 'well disposed countries outside the region must follow these events very closely and be ready to help as soon as there is something constructive they can do'. Britain was prepared to encourage any momentum which seemed to exist for reactivating the peace process.

[1]Mr Donald Rumsfeld has acted as President Reagan's personal representative for Middle East negotiations since December 1983.

In a statement issued on 10 January at a joint press conference with Egypt's Foreign Minister, Mr Kamal Hassan Ali, Sir Geoffrey said that Britain, like the rest of the European Community, was anxious to see improvements in the prospects for peace and stability throughout the region, and to take any steps it could to help. Mr Kamal Hassan Ali said the Arab moderates now had many options since Jordan had agreed to President Reagan's initiative and the Palestinians were committed to the Fez Declaration. Some formula – not a new initiative – was needed which could allow all the parties concerned to sit round the table and negotiate together. Commenting on Sir Geoffrey's visit, Mr Hassan Ali said it had been essential because of Britain's membership of the European Community and its mutual understanding with Egypt and other countries in the area.

Talks in Saudi Arabia

In a press statement issued in Riyadh on 11 January following talks with the Saudi Foreign Minister, Prince Saud al-Faisal, Sir Geoffrey reiterated Britain's view on the role of the PLO in any Middle East settlement: 'We believe that the PLO must be associated with peace negotiations, and that the process itself would be greatly helped if the PLO were to make unambiguously clear its willingness to recognise the right of Israel to a secure existence. We believe that Israel in exchange should recognise the right of the Palestinians to self-determination. These rights remain the core of any solution, irrespective of temporary changes in fortune of the parties concerned. This places a heavy responsibility on Israel to change radically its current policies in the occupied West Bank and Gaza and look again, constructively, at President Reagan's proposals. But it also places a heavy responsibility on the Palestinians and in particular on Mr Arafat. Clarification of the remaining ambiguities of the PLO position remains one of the most important ingredients of progress towards negotiations. It is indeed an essential next step.'

Discussions with Syrian Leaders

In Damascus Sir Geoffrey had talks with Syria's President Hafiz al-Assad, and with the Foreign Minister, Mr Abdul-Halim Khaddam. At a press conference on 12 January, Sir Geoffrey said Syria was of central importance in the problems of Lebanon and the Arab-Israel conflict. There was a need for a closer understanding of these problems and Britain welcomed the increasing strength of its bilateral relations with Syria, for both sides recognised the value of contact.

Explaining Britain's attitude to the Arab-Israel question, the Foreign Secretary said Britain and its European partners were continuing their active diplomacy based on the 1980 Venice Declaration (see pp 202-3, 1980), which proposed a balance between the right to a secure existence of all countries in the region, including Israel, and the right of the Palestinians to self-determination. Sooner or later there had to be a compromise based on these principles; what had so far been missing was a willingness to explore the possibilities through negotiation. 'Major opportunities were lost when Israel rejected the Reagan proposals [see pp 285-6, 1982] and the PLO drew back from their discussions with King Hussein [see p 155, 1982]. We hope that these prospects will be re-examined in the coming weeks.'

Sir Geoffrey stressed the high importance Britain attached to the views and policies of the Syrian Government and said that he had greatly valued his discussions with Mr Khaddam and with President Assad. 'We do not, of course, see eye to eye on all issues. For example, I do not share the Syrian view that time is on the side of the Arab states. In my judgment, time is against all the parties. But our views are close on the longer-term aims: on the Arab-Israel dispute, we want to secure Palestinian self-determination and the withdrawal of Israel from territories occupied in 1967. In the Lebanon we have both affirmed that we want to see an independent sovereign state, free from outside interference. And we both see the process of national reconciliation and a better local security arrangement as crucial aspects of this.'

Commenting on the role of Egypt, the Foreign Secretary said it was clear that the Egyptian Government had a genuine and real concern to play a part in promoting peace. Most people had a real desire to see a coming together of those voices that recognised the need for moderation and were prepared to recognise realities. If there was to be movement towards a solution in the Middle East, realities had to be faced and compromises sought. The recent contact between Mr Arafat and President Mubarak,[1] and the decision by King Hussein of Jordan to reconvene the Jordanian Parliament[2] both represented the desire to begin making some headway on the side of the Arabs and Palestinians. Despite its apparent inflexibility on certain points, Syria did recognise that a conciliatory approach was called for from everyone.

Britain and UNESCO

In a debate in the House of Lords on 25 January Lady Young, Minister of State at the Foreign and Commonwealth Office, said that Britain had decided for the time being to stay in the United Nations Educational, Scientific and Cultural Organisation (UNESCO) and to fight for reform from within.

The debate followed the 22nd Session of the UNESCO General Conference in October-November 1983 and the United States' subsequent announcement of its intention to withdraw from the organisation. During the debate a number of specific questions were raised, relating to UNESCO's budgetary expansion; its inefficient use of resources; the threat to the free flow of information caused by UNESCO's proposed New World Information and Communications Order; and the Organisation's attitude to human rights.

[1]Mr Arafat met President Mubarak in Cairo in December 1983, following the evacuation of the PLO from Tripoli.

[2]King Hussein reconvened the Jordanian Parliament, including representatives from the Israeli-occupied West Bank, which on 9 January 1984 met for the first time since 1974.

British Views

Summarising the outcome of the UNESCO Conference, Lady Young said (*Hansard (HL)*, Vol 447, No 62, cols 304-30) that Britain and other like-minded countries had successfully resisted any further advances towards an unsatisfactory New World Information and Communications Order or any other attempt to shackle the freedom of the media. The proposed budget had been reduced by some $10 million, although the final approved figure still contained an element of real growth difficult to accept in the present economic climate. The outcome on human rights had been less clear-cut, but even here, no lasting damage had been done to the Western position.

The main focus of the Conference had been on UNESCO's core programmes in education, science and culture, where there were welcome signs of increased support for Britain's long-held policy of seeking to make UNESCO's programmes more relevant to the needs of developing countries. 'A UNESCO General Conference can only be judged by the effects the discussions and decisions have on subsequent UNESCO programmes. In this case these should, to a considerable extent, be positive.'

Financial Resources

Referring to UNESCO's budget, Lady Young said that, although the final approved figure was larger than Britain would have liked, some progress had been made and this could be built on in the future. (The Conference adopted a compromise proposal by Scandinavian countries providing for a budget for 1984 and 1985 of $375·4 million, a growth of about 4 per cent: although a long way from Britain's proposal, it represented a saving of $10 million.) Britain had taken the lead at the Conference in preparing and submitting a draft resolution proposing a figure based on zero real growth, and its only concession had been to abstain in the vote on the Director-General's formal proposal, rather than vote against.

One of Britain's major doubts, Lady Young continued, was that UNESCO represented poor value for money compared with bilateral aid programmes. The Government's consistent arguments for decentralisation, better management and effective evaluation had had some effect, but much more needed to be done. Britain had started discussions in Paris with like-minded countries which it was optimistic would lead to the drawing-up of an agreed list of changes that it could then press to be introduced as soon as possible. It would also consider the possibility of seeking the involvement of some outside agency, such as management consultants, in the process of improvement.

Media Issues

Britain, said Lady Young, in common with most Western countries, viewed the demands for a New World Information and Communications Order (see pp 317-20, 1980; 185-6, 1981; and 73-4, 1982) as a practical problem of development, no different for communication and media requirements than for any other sector. On the other hand, a minority of countries had argued for a new international code of conduct governing the operations of the media, with an implicit assumption of increased state supervision; and certain states had sought to gain legitimacy for practices of repression and control over the media. Such practices were anathema to Britain, which was firmly committed to media freedom and had consistently warned UNESCO that any move to legitimise and codify such practices would be wholly unacceptable. The threat of codification had receded as a result of the General Conference, and there was now agreement that any such order had to be seen as an evolving and continuous process within the context of development. Britain's efforts had played a major part in achieving this.

The Conference had also agreed that political barriers to the free flow of information, including censorship by governments, merited study by UNESCO on an equal footing with those barriers of a technical or financial nature, and the Organisation would conduct research into this and other critical areas. The focus of attention for developing countries had been the International Programme for the Development of Communication (IPDC – see pp 317-20, 1980; 73-4, 1982), which they viewed as a welcome new multilateral aid source, requesting substantial voluntary financial contributions from the developed countries into the IPDC fund. Britain had declined to contribute to the IPDC, stating its preference for working through its bilateral aid programme. Britain's public and private sectors traditionally played an active part in media development and training through organisations such as the Commonwealth Broadcasting Association, the Commonwealth Press Union, the Commonwealth Journalists' Association, the Thomson Foundation and the Commonwealth Foundation; its professional experience had much to offer.

Human Rights

On the subject of human rights, and particularly with regard to the 'rights of peoples' concept, Lady Young reaffirmed Britain's view that the guiding principle for all UNESCO's future activities should be that the interests of the individual were paramount and should never be overlooked. There were obviously major battles to be fought in this area in the future if the trend towards the strengthening of collective rights at the expense of individual rights was to be halted and turned back. Britain's main aim would continue to be to deflect UNESCO's energies in this area into activities which would have the effect of promoting those universally recognised human rights defined in the Universal Declaration of Human Rights and adopted by the United Nations General Assembly in 1948.[1]

General Approach

Lady Young pointed out that Britain had for some time been concerned about certain trends in the Organisation and had taken a leading role in criticising its performance in many areas. In addition to the specific concerns on media and human rights, Britain was, above all, not satisfied that it and other member states received good value for money. Before the Conference, Britain had decided that it would seriously consider withdrawal if the results

[1] For information on Britain's implementation of the provisions of the Universal Declaration, see COI reference pamphlet *Human Rights in the United Kingdom*, No 221/RP/83.

were in some major way unsatisfactory. In the event, this had not been the case.

At a subsequent meeting between the Minister for Overseas Development and the United Kingdom National Commission for UNESCO[1] to consider the outcome of the Conference and to seek members' views on UNESCO, the majority of those who spoke had been in favour of Britain staying in, on the grounds that to leave would be to turn its back on an important channel of communication and co-operation with developing countries. Most had argued for continuing to fight for improvements from within, making the point that this approach had had a fair measure of success over the years, both with respect to Britain's approach to communications and media issues and in obtaining better value for money. There had been widespread recognition that much remained to be done, and much criticism of such issues as the growth in overall resources, budgetary techniques and practices, the political aspects of certain programmes, staffing, management, effectiveness, and the need for more and better evaluation.

In the light of this, said Lady Young, the Government had given careful consideration to the possibility of British withdrawal and had decided that the right course for Britain, at least for the time being, was to stay in UNESCO and fight for reform from within. Britain would continue to make every effort to improve significantly UNESCO's programme and management, and was seeking to co-ordinate its actions with those of like-minded countries. The situation would again be reviewed carefully towards the end of 1984.

Shorter Note

DEATH OF PRESIDENT ANDROPOV

Mr Yuri Andropov, President of the Soviet Union and General Secretary of the Soviet Communist Party, died on 9 February. He was elected to these posts following the death of President Leonid Brezhnev in November 1982. On 13 February Mr Konstantin Chernenko was elected by the party's Central Committee to succeed Mr Andropov as General Secretary.

In a message of condolence delivered on 11 February to the Soviet Union's Prime Minister, Mr Nikolai Tikhonov, the Prime Minister, Mrs Margaret Thatcher, said that although Mr Andropov had held his office for a relatively short period, his death was 'a serious loss to the Soviet people'. After discussions with the United States Vice-President, Mr George Bush, on 12 February, Mrs Thatcher and the Vice-President reaffirmed the intention of the British and United States governments 'to work for ... an improvement in East-West relations through a constructive and realistic dialogue'.

After attending President Andropov's funeral in Moscow on 14 February – accompanied by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, the Opposition foreign affairs spokesman, Mr Denis Healey, the leader of the Liberal Party, Mr David Steel; and the leader of the Social Democratic Party, Dr David Owen – Mrs Thatcher had a meeting with Mr Chernenko. Following the meeting, the Prime Minister said that the task of creating new confidence between East and West would be a matter of years not months. 'If there is to be progress on arms control – which I devoutly want – it will come, not through negotiating skill alone but because a broader understanding has been reached that will establish the confidence necessary on both sides for the negotiators to be given the right instructions. The aim is that broad understanding. I do not know whether it can be achieved – I do know that we have to try. It will be at best a long, slow task. There may be setbacks and interruptions, but I earnestly hope that the Soviet leadership will respond positively. It will be some time before we can know. But I am absolutely sure that all Western leaders are prepared to work for this goal.'

[1]An advisory body consisting of some 70 people eminent in the fields covered by UNESCO.

ECONOMIC AND SCIENTIFIC AFFAIRS

The Economy

The Government's determination to tackle the problem of unemployment – which can only be done in concert with a continued drive against inflation – was reaffirmed by the Chancellor of the Exchequer, Mr Nigel Lawson, in a speech in Liverpool on 20 January. He also stressed the need for an adaptation of attitudes regarding education and training accompanied by an improvement in the flexibility of the labour market.

The Chancellor reminded his audience, the Merseyside Chamber of Commerce and Industry, that 'the Government requires no goading into action on jobs. Every consideration – compassionate, economic and political – points in the same direction: towards doing everything sensible that can help to create jobs that will last.' He was confident that unemployment would be defeated as had the earlier problems of the balance of payments and inflation.

Inflation

While unemployment was not attributable to a single cause, there was no doubt that 'a major contributory factor has been the sharp rise in inflation in the recent past. Inflation destroyed our competitiveness, our profits, our investment, and undermined incentives and industrial relations.' The fall in inflation – and its continued reduction – was a precondition for the creation of jobs. 'There is no choice to be made between tackling inflation or unemployment, as some suppose, and no trade-off between the two.'

The annual rate of inflation had fallen dramatically, from a peak of over 20 per cent in 1981 to its present level of around 5 per cent; interest rates were now at their lowest since 1978. The Government was not planning to relent in its struggle against inflation. 'We shall hold inflation down, and by sound economic policies, not the devices of incomes policies, pay freezes, pay norms, price freezes . . . that provide temporary relief while the patient's condition actually worsens.'

The Labour Market

The reduction in inflation and the restoration of sound money were necessary – but not sufficient – conditions for dealing with unemployment. Also of importance were developments in the labour market, including the willingness of employees to work for wages that employers could afford and their readiness to adapt their skills and acquire new ones. Indicators of future developments were provided, first, by established trends in employment patterns in Britain and, secondly, by recent changes in the United States whose experience was often reflected later in Britain.

On the first, Mr Lawson pointed out that employment in manufacturing had been on a falling trend since it had reached a peak as long ago as 1966. Employment in services, however, had risen sharply, by some 1·25 million between 1973 and 1983. These changes reflected 'fundamental economic and social forces'. An increased proportion of consumers' expenditure had been devoted to services as incomes had risen; technical changes had reduced the ratio of labour to output in manufacturing compared with services; and increased competition in world markets as well as the effect of North Sea oil on the sterling exchange rate had imposed pressure on industries exposed to world trade. All these forces were unavoidable. Nevertheless, Britain's experience was not unique: an increase in services and a reduction in manufacturing in terms of their share of total employment had occurred in all the seven major member countries of the Organisation for Economic Co-operation and Development.

Regarding the second, the United States had experienced a faster shift towards services than other countries but had also enjoyed a substantial rise in total employment. One reason was surely the high degree both of labour mobility and of wage flexibility. Changes in the structure of employment were essential to economic growth. They reflected successful adaptation to shifts in consumer tastes and industrial technology. A country which had not so adapted would not secure its market share at home or abroad. As the United States experience had shown, Britain's success in creating jobs was also likely to depend on the adaptability of the labour force and the level of wages.

There were, in Britain, a number of obstacles to this process of adaptation. The labour market had for too long been weighed down by vested interests and restrictive practices imposed by trade unions and governments. This Government, however, 'aims to remove the straitjacket of restrictions'. It had already taken a number of very important steps towards this end by the removal of exchange controls (see p 162, 1980), controls on pay, prices (see pp 162-3, 1979), dividends (see p 196, 1979) and hire purchase (see p 274, 1982) and unnecessary planning constraints (see p 28, 1982). Good progress was also being made with

the removal or limitation of monopolies through privatisation (see pp 376-9, 1983) or the introduction of competition.

A change of attitudes in education and training was also needed. The Government had taken a number of initiatives to improve the school curriculum (see pp 124-5, 1981) and examination system (see pp 213-14, 1982) and was spending £850 million this year on the New Training Initiative (see pp 21-4, 1982), which was helping young people to make the adjustment from school to work as well as opening up training opportunities for adults (see pp 59-61).

In addition, the Government was tackling obstacles to labour mobility. It intended to pass legislation to improve the value of preserved pension rights, it was considering the case for transferable pensions and intended to give council tenants the right to exchange homes.[1]

The clear relationship between price and demand meant that the wages of trainees and young people needed to be set at realistic levels. 'Other things being equal, cheaper jobs will mean more jobs.' Unrealistic pay levels were not an obstacle that the Government could tackle directly. The problem would be solved only if employees and pay bargainers became aware of the consequences of pressing for higher wages and acted accordingly. 'To that extent the prospects for the unemployed will depend not on the actions of government but on the actions of those in work, on both sides of industry.'

Mr Lawson warned that, if too much was taken out in the form of pay, economic growth would be endangered and British goods and services would become uncompetitive. 'Those who manage to secure excessive pay increases will put at risk their own jobs, the jobs of others, and the job prospects of the unemployed.'

Conclusion

Ending on a positive note, the Chancellor pointed out that Britain's economic growth in 1983 was the highest of any member country of the European Community and, with growth of 3 per cent predicted for 1984, Britain was on course to maintain that record. Recent industrial surveys suggested that firms were regaining their confidence and planning a substantial increase in investment this year. On employment, the latest estimates indicated a rise in the number of people in work – the first increase for nearly four years – and short-time working was at its lowest since 1980.

Rates

The Government is seeking powers to restrain overspending by local authorities and to set maximum levels of rates (local property taxes). These and other proposals are contained in the Rates Bill which has received a second reading in the House of Commons.

[1]The Housing and Building Control Bill (see pp 284-5, 1983) contains provisions conferring this right. Exchanges can at present take place under the Tenants' Exchange Scheme (see p 92, 1982) but this does not embody a right.

Main Provisions

The main purpose of the Bill, which applies to England and Wales only and implements proposals contained in a White Paper of August 1983 (see pp 307-8, 1983), is to curb excessive spending – and the resulting high levels of rates – of a small number of local authorities. To this end, the Government would be empowered to prescribe maximum levels of spending and rates for selected high-spending authorities. A general reserve scheme – which the Government hopes will never need to be invoked – would enable overspending on a more general scale to be restrained.

The Bill also provides for the extension to non-domestic ratepayers of the right (at present confined to domestic ratepayers) to pay by instalments from 1985-86; for the exemption of empty industrial property from rates; and for tenants of local authority houses whose rates are included in their rents to receive, from 1985, clear notice of their liability to rates.

Parliamentary Debate

The second reading of the Bill in the House of Commons on 17 January was carried by 346 votes to 247, a government majority of 99. A move to have the committee stage taken on the floor of the House was defeated by 346 votes to 255, a government majority of 91 (*Hansard*, Vol 52, No 78, cols 165-260).

Government View

Opening the debate, the Secretary of State for the Environment, Mr Patrick Jenkin, said that the policy on which the Government had been elected in 1979 was to restore Britain's ability to earn its living and to improve its standard of living and quality of public services. At the heart of this policy was the need to contain the demands made on both individuals and businesses by the public sector. 'As a consequence of the measures taken so far ... inflation has come down and is set to fall still further, competitiveness is now improving, business confidence is now reviving, we are climbing out of the recession ahead of many of our competitors and, although much remains to be done, the prospects for the British economy look better than they have looked for many years. If we are to achieve our goals, we must continue to urge restraint in public spending and work to reduce the taxes that people and businesses have to pay.'

Explaining that the Bill was about local public spending and taxation, the Secretary of State told the House that the local authority associations accepted without question that it was the responsibility of the Government, accountable as it was to the House of Commons, to set the total of public spending while it was the responsibility of local government to abide broadly by the guidelines set. However, while a large number of local authorities had responded to the Government's calls for restraint on spending, a minority had increased their spending very sharply. In 1983-84 authorities had budgeted to exceed their spending targets by £750 million; three-quarters of this was attributable to just 16 authorities.

Excessive spending by local authorities meant that the ratepayers suffered. An increase in retail prices of 55 per cent between 1979 and 1983 had been matched by an average rise in domestic rates of 91 per cent; if local authorities had budgeted in line with targets approved by the House of Commons, rates would have increased by less than the cost of living. In England nearly 60 per cent of rates was paid by non-domestic ratepayers and, of this, two-thirds was paid by industrial and commercial firms. Therefore, 'in these high-spending, high-rating areas, industry has suffered grievously from the burden of rates'. Excessive rates were one reason for the exodus of small firms from the inner cities; rates were a larger burden on jobs than the National Insurance surcharge and corporation tax combined.

The Government had sought to increase accountability to local electors by various methods. For example, central government grant had been held back from overspending authorities, supplementary rates had been abolished (see pp 50-2, 1982), the Audit Commission had been established (see pp 50-2, 1982) and authorities were obliged to publish manpower figures. 'Despite all those measures, the overspending has continued.' The Government had therefore decided to take action. Various sources of revenue had been examined in the 1981 consultative document *Alternatives to Domestic Rates* (see pp 20-1, 1982) but none had been considered suitable. Mr Jenkin also detected little enthusiasm for transferring a major service, such as education, from local authorities to central government.

The Secretary of State explained that only between 12 and 20 local authorities would be singled out under the selective scheme; 'the great majority of councils thus have nothing whatever to fear'. He also suggested that there would be no point in including councils which, although historically high spenders, were now making significant efforts to economise.

There could be no doubt that these proposals would result in a noticeable fall in local authority spending. In 1983-84 a total of 18 authorities had increased their spending by about 7 per cent in volume terms; if selective rate-capping had brought about a 3 per cent fall instead, spending would have been some £300 million less – in just one year – than it was likely to be. 'Over a run of years, and taking into account the response of other authorities to the Bill, I have no doubt that the savings will be very substantial indeed.' If the selective scheme did not succeed in bringing spending within the Government's guidelines, parliamentary approval would be sought to implement the general reserve scheme.

Commending the Bill to the House, Mr Jenkin said that it had 'a duty to protect ratepayers from blatant exploitation. We have a duty to ensure that all parts of the public sector work within national economic policies. Other efforts to make these few authorities see reason have failed.'

Opposition Views

Speaking for the official Opposition, Dr John Cunningham described the Bill as 'one of the most fundamentally important measures to come before Parliament for a very long time'. However, it would neither redress the Government's failure to resolve the major difficulties of local government finance (which were of its own making) nor would it reform the rates. Dr Cunningham saw the central purpose of the Bill as the elimination of the right of local communities to elect councils that would provide community services at the desired level.

While local government current expenditure had risen by 90 per cent over the last five years, he pointed out that the corresponding figure for central government was 93 per cent. As for increasing rates, the major cause had been the substantial cut in central government grants to local authorities. In any case, Dr Cunningham felt that 'rates form a very small proportion of the cost structure of industry'.

There was 'a massive inconsistency' between the Secretary of State's expressed concern to control the spending of a few authorities only and the Bill's inclusion of general powers. 'The general powers have to be there because the Government's real policy objectives are concerned far more with the overall approach of authorities than with [a] handful of councils.' He also maintained that the specific or selective powers could be applied generally.

The Labour Party refuted the arguments for the Bill and denounced its philosophy. 'It is economically, democratically and morally indefensible.'

Mr John Cartwright, speaking for both the Social Democratic and Liberal parties, regarded the Bill as a logical step along the road of centralisation which the Government had been taking since 1979. While recognising that rates could be a burden, especially for small firms, he thought there were far better ways of tackling the problem than the Government's proposals. A measure of industrial de-rating or the replacement of non-domestic rates by a local income tax were possible alternatives. 'Social Democrats and Liberals reject the whole basic approach of the Bill and the idea that central government has a right and a duty to control local authority spending. We want alternative independent sources of power and decision-making. . . . We wish to encourage the diversity, the initiative and the sensitivity that are the life blood of genuine local self-government.'

Government Reply

Replying for the Government, the Under-Secretary of State for the Environment, Mr William Waldegrave, said that a recent survey of London companies had shown that 92 per cent felt that high rates led to job losses. Small businesses of various kinds supported the Bill.

The only alternative, if the Government was serious about keeping control over public spending, was so to diminish local authorities that their spending would be of no consequence in the management of the central economy. 'That would be a real centralisation of power.'

If the House were to endorse both the selective and general powers proposed in the Bill, a signal would have been given that the general powers would be less likely to be needed and the Government would have reaffirmed its commitment to the control of costs and public spending which was 'at the heart of the legitimacy of our mandate'.

Investor Protection

Registration of firms carrying out investment business, strict controls on transactions in life assurance and unit trusts, and wider powers over 'insider dealing' are among the recommendations contained in a White Paper on investor protection. Overall control would be facilitated by a new Investor Protection Act.

In July 1981 the then Secretary of State for Trade, Mr John Biffen, commissioned Professor L.C.B. Gower (a solicitor who is consultant research adviser to the Department of Trade and Industry (DTI) on company law) to undertake a review with the following terms of reference: to consider the statutory protection now required by private and business investors in securities and other property, including investors through unit trusts and certain types of investment company; to consider the need for statutory control of dealers in securities, investment consultants and managers; and to advise on the need for legislation.

Part 1 of the report,[1] consisting of narrative and recommendations, was published on 18 January. Part 2, on draft legislation, is expected to appear later in 1984.

In his preface the Secretary of State for Trade and Industry, Mr Norman Tebbit, invites comments by 30 April, after which the Government will decide and make known its intended course of action.

The main points of Part 1 are summarised below.

Introduction

Discussing the basic philosophy of his approach, Professor Gower says that he does not favour regulation for its own sake and fully accepts that it should be reduced to the minimum necessary for the adequate protection of investors. Much of the present law errs on the side of over-regulation but, equally, many branches of the securities industry are insufficiently regulated or not regulated at all. It is generally agreed that, if investors are to be adequately protected, the area of regulation has to be extended. However, it would be self-defeating to impose regulations so severe that compliance would entail undue trouble and expense, and it would be harmful to the national interest if controls were disproportionately strict compared with those in other financial centres to which business could move.

Professor Gower recognises that the forces of market efficiency and investor protection often conflict. 'It may be that the most efficient market is that which is wholly free from regulation but it is unlikely that such a market would afford protection to investors which anyone today would regard as adequate. One has to make a value judgment on the relative weight to be attached to market freedom and to investor protection.' However, he feels that the minimum degree of regulation necessary for the public to have justified confidence in investment opportunities would not lead to any impairment of market efficiency.

The cost of a comprehensive system would be negligible in relation to the annual turnover of investment transactions. On the allocation of this cost, Professor Gower feels that the cost of day-to-day regulation should be borne initially by those regulated (who would pass it on to their clients) but, as an effective system of investor protection may be regarded as being in the national interest, the cost of the body responsible for decisions on policy and overall surveillance should be borne by the taxpayer.

Outline of the Proposed Regulatory System

Under Professor Gower's proposed regulatory system:

The Prevention of Fraud (Investments) Act 1958 would be repealed and replaced by a new Investor Protection Act. Administration of the new legislation would be the responsibility of the DTI or of a commission answerable to the Secretary of State for Trade and Industry.

With certain exceptions, the Act would make it a criminal offence to carry out any type of investment business without registration.

Registration would be either directly with the DTI (or commission – see below) or through membership of a recognised self-regulatory agency.

Those registered would have to observe specified basic requirements while certain investment activities, whether or not carried out by registered persons, would be prohibited.

The DTI (or commission) would be empowered to make rules of conduct binding on those registered directly with it (but not through membership of a recognised self-regulatory agency). Breaches of these rules would not be criminal offences but could lead to cancellation or suspension of registration, or to other regulatory intervention.

A self-regulatory agency would not be recognised unless it satisfied certain conditions including having rules which would ensure protection to investors at least equivalent to that afforded by the DTI (or commission) and the ability to monitor their observance.

Recognised self-regulatory agencies would be responsible for ensuring their members' observance of rules and regulations and would, as an adjunct of recognition, enjoy certain powers and privileges.

Registration under the Act would obviate the need for a firm to be licensed as a deposit-taking institution under the Banking Act 1979 (see p 120, 1979) unless it accepted deposits other than for investment.

The Act would provide for harmonised regulation of public offerings for sale of securities.

Choice of Regulatory Body

Professor Gower recommends that supervision be carried out by the DTI rather than by a commission. However, if there were a substantial volume of day-to-day business, a commission should be established; the DTI would nevertheless remain responsible for overall surveillance of the system.

Scope of Regulation

Legislation should cover all forms of investment other than that in physical objects over which the

[1] *Review of Investor Protection*. Report: Part 1 by L.C.B. Gower. Cmnd 9125. HMSO, £9·90. ISBN 0 10 191250 1.

investor has exclusive control. Contracts for commodity or financial futures or options as well as life assurance contracts would be covered but gaming contracts (which are unenforceable) would not.

Businesses engaged in the marketing of investments would need to be registered but this would not normally apply to individual employees.

The Bank of England, on behalf of the Treasury, should retain its role of surveillance of the commodity and financial exchanges. Government regulation of commodity and financial brokers in the interests of investor protection should, however, be vested in the DTI (or commission).

Registration

Professor Gower recommends the establishment of a comprehensive computerised register of those entitled to undertake investment business. Direct registration should entitle a firm to carry on any branch of investment business subject to the controls laid down.

Life Assurance and Unit Trusts

The sale of life assurance and unit trusts has given rise to 'what is generally recognised as an unsatisfactory state of affairs raising exceptionally difficult problems'. They had this in common even though there was little restraint on the sale of life assurance, while unit trusts were a form of investment 'subject to the tightest regulation'.

The report recommends that the powers of the Secretary of State for Trade and Industry under the Insurance Companies Act 1982 (see p 344, 1982) should be extended to allow the making of regulations and codes of conduct on the sale of life assurance. These would, among other things, ensure that a client is made aware of all the relevant warnings and disclosures. The Act should also be amended to empower the Secretary of State to ban any insurance seller or intermediary from operating if he or she were demonstrably unfit to do so.

A unit trust should not be allowed to offer its units to the public until it has been issued with a certificate of compliance with certain specified conditions. It should be an offence to promote the sale in Britain of units in an uncertified trust or to advertise it.

The new Act should prohibit unsolicited calls (either by personal visit or telephone) to prospective clients on investment business except as expressly permitted by the Secretary of State.

Most types of long-term insurance business are covered by a 'cooling-off' period (ten days during which the client can cancel the agreement). The report recommends that this be extended, in modified form, to all types of non-industrial insurance and to cash sales of unit trusts.

The Act should make life offices and managers of unit trusts fully responsible for the activities of their intermediaries, whether employed or self-employed.

Public Issues, Takeovers and Insider Dealing

The report recommends that the statutory provisions of the Companies Acts relating to public share issues, takeovers and insider dealing (transactions in company securities by those who have obtained price-sensitive information) should be transferred in a revised form to the new Investor Protection Act.

The DTI (or commission) and any recognised self-regulatory agency should be empowered to make rules of conduct on share issues and takeovers.

The provisions on insider dealing should be extended to cover dealings in all securities (non-company as well as company) and all public servants (at present only central government employees are prohibited from insider dealing on the basis of information obtained in the course of their duties).

Conclusion

In his concluding remarks Professor Gower defends his proposals as being 'evolutionary and cautious', going no further than necessary. In particular, he feels it essential 'to resist the argument that certain branches of the investment industry can safely remain wholly exempt from legal regulation or surveillance of their activities. Unless my proposals are implemented essentially on the lines proposed, further serious scandals undermining public and international confidence are, in my view, inevitable. If they were implemented, scandals would not be wholly prevented but I believe that they would be fewer and that, when they occurred, less irremediable damage would be suffered.'

Vocational Education and Training

The Government has published proposals for reform of training arrangements in Great Britain, which will give the Manpower Services Commission responsibility for part of the spending on work-related further education, and will restructure the adult training programme.

Reforms in two areas of training have been proposed in a White Paper published by the Government on 31 January.[1] To make training and vocational education more relevant to employment needs, the Manpower Services Commission will be given responsibility for a quarter of the £800 million spent each year by local education authorities in England and Wales on work-related non-advanced further education. The adult training programme will be restructured by offering training more closely directed towards the skills needed by employers, particularly in business areas which are growing, and more training at the basic level for unemployed people who need it to help them find work.

Training for Jobs

The White Paper begins with the premise that training is not an end in itself, but should be firmly work-oriented and lead to jobs. The White Paper on training published in 1981 (see pp 21-4, 1982) set out the national objectives of securing better preparation for working life in schools and colleges and improved arrangements for the transition from

[1] *Training for Jobs*. Cmnd 9135. HMSO, £2·25. ISBN 0 10 191350 8.

full-time education to work, modernising the training in occupational skills (particularly by replacing outdated age limits and time-serving by training to agreed standards of skill appropriate to the jobs available), and making available wider opportunities for adults to acquire and improve their skills.

Transition from Education to Work

The Youth Training Scheme is now fully under way, offering those who leave full-time education at 16 or 17 and remain unemployed (and some 16 year-olds in jobs) the opportunity of a year's planned work experience and training. Steps have been taken to improve the preparation of young people for their working lives while they are still in full-time education – in particular, the Technical and Vocational Education Initiative is piloting 14 experimental courses covering the years from 14 to 18, linking general and vocational education with work experience. Training in occupational skills is being modernised in various sectors of industry and commerce, while for adults the Open Tech Programme (see pp 269-71, 1982) to improve access to training and retraining opportunities has been introduced and the Manpower Services Commission has put forward recommendations to give a better focus for adult training generally.

The school curriculum in England and Wales is being developed to improve its vocational relevance, for example by establishing new programmes for micro-electronics education. For young people staying a further year at school a new Certificate of Pre-Vocational Education is being introduced, and vocational education arrangements generally are being improved and better co-ordinated. Employers are strengthening their links with schools and colleges. Similar important advances have been made in Scotland.

Some 300,000 young people have so far joined the Youth Training Scheme. The great majority of places are sponsored by employers and are centred on the factory, office or other place of work. The undertaking to make a suitable offer of a place by Christmas 1983 to all minimum-age school leavers without a job was effectively met, but about 20 per cent fewer places have proved to be needed on the scheme than originally estimated, mainly because more young people than expected are in jobs outside the scheme. The next year will be a period of consolidation, with an emphasis on improving the quality of training.

The Young Workers Scheme, which is designed to encourage the creation of more jobs for young people at realistic rates of pay, will more closely complement the Youth Training Scheme by including from April 1984 those who leave full-time education at 17 and those who have been out of school for a year after leaving at 16.

Vocational preparation through the education system and the Youth Training Scheme must be properly co-ordinated and the Government aims to define standards of performance and to develop a system of certification which can be applied to both and which will link with other training standards and qualifications. The Government sees a continuing need for co-ordinated provision to help young people progress from education to work.

Training in Occupational Skills

The White Paper records the substantial progress some industries have already made towards modernising their training arrangements. However, more needs to be done to meet the target that by 1985 training for all significant skilled occupations should be based on achievement of agreed standards rather than time-serving. The wider aim must be to open up access to training and to jobs through a coherent system of training standards and certificates of competence, covering achievement in vocational education and training, both initially and throughout working life. The Manpower Services Commission will continue to play a key role in stimulating action to achieve this and the 1985 target.

There are indications that current levels of recruitment in some industries will not be adequate to meet employers' continuing needs for skilled people; the system of training must be able to respond quickly and flexibly to changing needs.

Adult Training

There has been significant progress in the objective of improving opportunities for training and retraining adults. The Open Tech programme now has 45 projects under way to provide open and distance learning in technical and supervisory skills, and about 50,000 people will benefit from training supported by the Open Tech in 1985-86. The Government's Professional, Industrial and Commercial Updating Programme is encouraging colleges, polytechnics and universities to undertake similar developments and, more generally, is seeking to promote more flexible and relevant provision by the education service in response to the needs of industry and commerce.

The Government endorses the Manpower Services Commission's proposals for an adult training strategy.[1] First, the Commission will act as a catalyst for action by others, for instance by improving information on local training needs and sources of provision. This will need close collaboration between employers and those who provide training, including local education authorities. The proposed national awareness campaign by the Commission will help in this process. Secondly, the Commission will restructure its own training provision into two main programmes, one focused on industry to provide job-related training for both employed and unemployed people, and the other to give further help to unemployed people who need training at a more basic level. This approach will relate training more closely to local labour market needs and enable twice as many people to train and improve their job prospects.

The Government will consider the Commission's proposals to incorporate more training or work preparation in the Community Programme (for the longer-term unemployed) when the results of the Commission's survey of the programme are available. The Government will also examine, in collaboration with the Commission and others, the possibility of establishing a loan scheme for adult trainees.

[1] *A New Training Initiative. Adult Training: MSC Proposals for Action*. Available free from the Manpower Services Commission, Moorfoot, Sheffield S1 4PQ. ISBN 0 86392 036 5.

New Arrangements Within Vocational Education

The Government believes that if the important developments described in the White Paper are to be carried through successfully, public sector provision for training and vocational education must become more responsive to employment needs at national and local level. The Government is asking the Manpower Services Commission to extend its range of operation so as to be able to discharge the function of a national training authority, and it has therefore decided to give the Commission new responsibilities by enabling it to purchase a more significant proportion of work-related non-advanced further education provided by local education authorities. The amount to be devoted by the Commission to this provision in England and Wales will increase to £155 million in the financial year 1985-86 and to £200 million in 1986-87, by which time the Commission should account for about one-quarter of the total provision in this area. The resulting reduction in the need for local authority expenditure will be taken into account in settling the relevant rate support grant. In Scotland the current arrangements for funding further education will remain unchanged.

The Commission will be expected to give priority to provision for newly emerging skills such as electronics and robotics and for occupations where traditional programmes no longer match modern industrial and commercial needs, for example, some parts of business studies; and to arrangements for keeping courses and staff training up to date and relevant to work needs. It is envisaged that most of the resources, though not necessarily all, will continue to be spent within local authority colleges. The Commission is being asked as a matter of urgency to consider, consult and report to the Government on appropriate machinery at both national and local levels for carrying out its enhanced responsibilities.

Parliamentary Statement

In a statement introducing the White Paper in the House of Commons on 31 January (*Hansard*, Vol 55, No 88, cols 139-52), the Secretary of State for Employment, Mr Tom King, said: 'A well-trained workforce is essential to a strong economy and to win back jobs; to achieve that, vocational education and training must be properly directed to the demands of the market place.' Outlining the achievements recorded in the White Paper, Mr King paid tribute to the Manpower Services Commission and also acknowledged the part played by employers, trade unions, local authorities, voluntary organisations, colleges, schools and the careers service. Central and local government had an important part to play in vocational education and training, but real success depended crucially on the part played by employers and trainees themselves. Investment in training had to be 'cost-effective, flexible, adaptable to changing technology and free of old-fashioned restrictions'.

The Government endorsed the Commission's proposals to restructure its existing programmes so as to double the number of adults trained under its courses to over 250,000 a year, including a significant increase, to some 125,000, in the number of unemployed people receiving training. The Government had agreed to consider whether there should be some training included for people on community programmes, and whether some adults could be helped by a guaranteed loan scheme to enable them to obtain training not otherwise available to them.

In 1983-84 the Government expected to spend £960 million on training, increasing in 1984-85 to £1,100 million, in addition to the £2,500 million spent by employers and the substantial sums within the further education sector. The White Paper set out the Government's continuing programme to ensure that the funds were used to the best possible effect and that the workforce was properly trained to meet the challenges of the years ahead.

Research and Development

The first annual review of government-funded research and development has been produced by the Cabinet Office. It describes the research activities financed by government departments and sets out their research objectives. The report notes the use of private contractors for research, by some departments, in accordance with the customer-contractor principle adopted in the mid-1970s.

The review, published on 20 January, has concentrated on assembling consistent information on government research and development expenditure, laying a foundation for more detailed analyses in future reviews when the expenditure of the rest of the public sector (including nationalised industries) will also be covered.[1] Research and development expenditure of central government totalled some £3,400 million in 1981-82 (see Table 1). The main changes from the expenditure in 1973-74 were a rise in the proportion devoted to defence, a fall in the proportion directed at industrial support (mainly as a result of the rundown of major expenditure on Concorde and the RB 211 aero engine) from the departments covering industry, energy and trade, and some large relative changes in the minor expenditure categories, including an increase in the proportion attributable to the Ministry of Agriculture, Fisheries and Food and a fall in the proportion attributable to the Departments of the Environment and Transport. Another trend is that some departments have moved part of their expenditure away from their own establishments to external contractors, notably the private sector. Brief summaries of some of the major spending departments' objectives are set out below. The report contains tables of expenditure for the research programmes of individual departments. Where available, two separate tables have been prepared for each department, covering the period 1977-78 to 1981-82 (and 1982-83 where possible). In general, in this article figures are given for 1981-82, but in a few cases where they are available those for 1982-83 are quoted.

[1] *Annual Review of Government Funded R and D 1983*. Cabinet Office. HMSO, £5. ISBN 0 11 630825 7.

Table 1

Central Government Expenditure on Research and Development 1981-82

	£ million	per cent
Defence	1,688·0	49·9
Overseas aid	18·8	0·6
Agriculture, fisheries and food*	101·5	3·0
Forestry	4·0	0·1
Industry	275·7	8·1
Energy	215·9	6·4
Trade	2·7	0·1
Employment	11·0	0·3
Transport	23·9	0·7
Housing	2·4	0·1
Other environmental services	36·9	1·1
Law and order	9·3	0·3
Education and science	898·2	26·6
Arts and libraries	1·3	†
Health and personal social services*	22·4	0·7
Social security	0·4	†
Other services	10·5	0·3
Scotland	40·0	1·2
Wales	1·4	†
Northern Ireland	16·4	0·5
Total	3,380·7	100

*Other research and development expenditure relevant to these programmes is included in the total for education and science.

†Less than 0·05 per cent.

Defence

Research and development programmes of the Ministry of Defence are aimed at meeting the needs of the armed forces for equipment and weapons in a timely and cost-effective manner. Within this objective the research programme is intended to provide a basis of technological competence and expertise, both in the Ministry and in British industry, to enable specific weapon systems and equipment to be developed and produced. The development programme, which represents about 80 per cent of the total expenditure, is carried out almost entirely in industry. Developments recently initiated include the Harrier GR5 (AV8B) offensive support aircraft, a new heavyweight torpedo, battle tank improvements, the Tracked Rapier (Mark I) Army air defence system and a new tracker for the Sea Wolf shipborne point defence missile system. The research programme is divided almost equally between the Ministry's research establishments and contract work, most of the latter being in private sector industry. Recent trends are for greater emphasis on weapons, sensors, undersea warfare, electronic components and electronic systems.

Education and Science

The science budget of the Department of Education and Science is one of the main sources of public funds for the support of civil scientific research, and is the sum of the annual grants paid to the five research councils (see below), the British Museum (Natural History) and the Royal Society. The purpose of the budget is to develop the natural and social sciences, including engineering, to maintain a fundamental capacity for research and scholarship, and to support relevant higher education at the postgraduate level. Research councils provide grants to research workers in universities or elsewhere, and directly operate research establishments, while they participate in international scientific programmes where this is considered to be the most effective way of undertaking research in a particular field. University expenditure on research and development is partly funded by the University Grants Committee which allocates resources to universities in the form of block grants covering both research and teaching, within the general principle that university staffs should normally be concerned with both activities. The Committee estimated that in 1982-83 the contribution to research and development at universities from the funds it allocated was £563 million. Together with expenditure for the research councils, this constitutes the major part of the Department's expenditure (see Table 2); the Department also has a programme of research on education (about £9 million a year).

Research Councils

The objectives of the Science and Engineering Research Council are wide-ranging and it is empowered to encourage and support research and development in science and technology. In practice its prime objective has been to maintain the standard of research and postgraduate education in science

Table 2
Science Budget and Research and Development at Universities

£ million

	1977-78	1980-81	1981-82	1982-83
Agricultural and Food Research Council*	20·4	35·0	42·1	43·9
Economic and Social Research Council	4·4	8·8	9·3	9·8
Medical Research Council	42·3	71·8	101·7	104·4
Natural Environment Research Council*	27·7	45·0	52·7	57·6
Science and Engineering Research Council	111·9	164·8	175·7	191·8
British Museum (Natural History)	4·2	6·7	9·0	9·5
Royal Society	2·2	3·7	4·2	4·5
University Grants Committee	261·7	441·3	494·7	563·0
Total	474·8	777·1	889·4	984·5

*As well as being financed from the science budget, these research councils receive commissions from departments under the customer-contractor principle.

and engineering in the universities and polytechnics including the natural and applied sciences falling outside the remit of the other research councils. Accordingly, the Council is responsible for engineering, physics and astronomy; chemistry, mathematics and those parts of biology not otherwise supported. In engineering and applied science its policy is to encourage close collaboration between the academic and industrial worlds, and to direct support into those areas which underpin the long-term prosperity of British industry. Expenditure in 1982-83 included £49·9 million on nuclear physics, £47·2 million on science, £41·3 million on engineering and £38·9 million on astronomy.

The primary objective of the Medical Research Council is to advance knowledge that will improve the health of people in the community. To achieve this, the Council identifies and encourages studies to promote a balanced advance of knowledge from fundamental research to the solution of practical problems in medicine and public health. Major fields of activity in terms of expenditure include neurosciences (where expenditure amounted to £17·9 million in 1981-82); molecular and cell biology, and immunology (£14·6 million); reproduction and development (£11·2 million); and cancer (£10·5 million).

The Natural Environment Research Council is responsible for encouraging, planning and executing research in the physical and biological sciences relating to man's natural environment and its resources. The fields of research are broadly defined as the solid earth – its physical properties and mineral resources (geology, geophysics and geochemistry) – accounting for about half of the Council's expenditure; the seas (physical oceanography and marine ecology); inland waters (hydrology and freshwater ecology); the terrestrial environment (terrestrial ecology and soil science); the atmosphere (its structure and interactions); and a number of interdisciplinary studies.

The Agricultural and Food Research Council[1] has as its primary aims the advancement of scientific knowledge relevant to agriculture, horticulture and food, and the application of this knowledge to increase the efficiency of related industries, without injury to the environment and with due regard to the welfare of farm animals, and to safeguard and improve the marketability and quality of food. Its expenditure in 1981-82 totalled £82·4 million, the main components being plants and soil (£34·8 million), animals (£28·5 million) and food (£7·7 million).

The objectives of the Economic and Social Research Council (known as the Social Science Research Council until 1 January 1984) are to encourage and support research in the social sciences. In recent years there has been greater emphasis on multi-disciplinary research and increased concern with policy problems, and in certain cases this has been tackled by establishing units and centres, dealing with such matters as race relations, industrial relations, health economics and the family.

Industry

Much of the increase in expenditure by the then Department of Industry (which has grown in real terms in recent years) has been for innovative products in industry, and there has also been an increase in advisory services which enable industry to make good use of the knowledge and expertise available within Britain. According to the report, some of the Department's most useful work has been in spreading awareness and encouraging the adoption of key technologies to maintain industrial competitiveness. Much of the work supported is carried out by private sector industry (£207·8 million in 1981-82). Major fields of activity included

[1]Known as the Agricultural Research Council until October 1983 when the new title was adopted in recognition of the increasing importance of food research.

Rolls-Royce (£88·9 million in 1981-82), space technology (£58·7 million), civil aeronautical technology (£25·6 million), new products and processes (£24·7 million) and mechanical and electrical engineering (£24·1 million).

Energy

Most of the research supported by the Department of Energy is connected with nuclear energy, carried out by the United Kingdom Atomic Energy Authority. Of the non-nuclear programme, offshore work accounts for about half of the expenditure with the aim of improving the safety of offshore operations; improving the knowledge of the United Kingdom Continental Shelf for licensing purposes; and in supporting Britain's offshore industry. Work is in hand to identify by the mid-1980s the potential economic contribution which renewable sources of energy could make to future energy supplies in Britain, with priority in research and development being given to the more promising areas of wind power and geothermal energy. In addition, research continues on coal technology and there is a growing effort on energy conservation research.

Other Departments

Research and development supported by the Ministry of Agriculture, Fisheries and Food has the objectives of advancing relevant scientific knowledge in order to increase the efficiency of the agricultural sector, safeguarding and improving the quality of food for the community, and protecting the environment and preventing adverse social effects. Just under half of its expenditure is for work commissioned from the Agricultural and Food Research Council, most of the remainder being intra-mural research (including that undertaken by the Agricultural Development and Advisory Service).

The main fields covered by the Department of the Environment's research programme include environmental protection (where current topics are lead pollution, acid rain, hazardous wastes, oil pollution and noise), radioactive waste, water quality, building and construction, planning and housing.

Subjects covered by the Department of Transport in its research programme include improvements in the design and maintenance of highways, bridges, railways and harbours; vehicle developments which reduce atmospheric pollution, noise and energy consumption; traffic control systems; the planning and operation of public transport; and measures to enhance road safety.

About 60 per cent of research expenditure funded by the Department of Health and Social Security is on research into health, personal social services and social security and is based mainly in universities and polytechnics, while other research is directed towards National Health Service equipment, supplies and buildings.

The Overseas Development Administration, part of the Foreign and Commonwealth Office, funds research and development projects as part of its bilateral aid programme to individual developing countries, and also funds projects expected to benefit a number of developing countries. Emphasis is placed on research likely to be of practical use in a reasonable period of time, and special priority is given to research and development of direct relevance to the poorer sectors of the poorer countries, with particular reference to the development of the rural sector.

About half of the research conducted for Scottish departments and a large proportion of research and development expenditure in Northern Ireland are in the agricultural sector.

International Comparisons of Taxes and Social Security Contributions

Although taxes and social security contributions as a proportion of gross national product in Britain rose from 40 per cent in 1971 to 44 per cent ten years later, greater increases elsewhere meant that Britain occupied a lower ranking relative to other countries. The switch towards indirect taxes in the Budget of 1979 is illustrated by the sharp fall since then in the relative importance of taxes on household income.

The December 1983 issue of *Economic Trends*[1] contains an article on international comparisons of taxes and social security contributions in 20 member countries of the Organisation for Economic Co-operation and Development from 1971 to 1981 (although complete data for 1981 are not available for all countries).

Taxes and Social Security Contributions in Relation to National Product

Taxes and social security contributions accounted for 44 per cent of Britain's gross national product (GNP) at factor cost in 1981 (see Table 1), putting Britain in ninth position out of 17 countries. In the ten years from 1971 the proportion had increased substantially in some of the other countries; in 1971 Britain's 40 per cent had been sufficient for it to occupy seventh place.

Taxes alone accounted for 37 per cent of Britain's GNP in 1981, placing it in fourth position, the same as in 1971 when the share had been 35 per cent (see Table 2).

For 16 countries, estimates for 1981 and preliminary estimates for 1982 are given of taxes and social security contributions as a proportion of gross domestic product at market prices. Britain was ninth with 40 per cent in 1982, having been in tenth place with 37 per cent a year previously.

Composition of Taxes and Social Security Contributions

In 1981 British taxes on household income accounted for 30 per cent of all taxes and social security contributions, having fallen steadily from 39 per cent in 1975. The decline between 1978 and 1979 alone was from 35 per cent to 32 per cent – a result of the shift from direct to indirect taxation in the 1979 Budget (see pp 196-7, 1979).

[1]Central Statistical Office. HMSO, £10·75.
ISBN 0 11 620092 8.

Table 1

Taxes and social security contributions as a percentage of GNP at factor cost

	1971 Percentage	Rank	1981 Percentage	Rank
Sweden	50	3	58	1
Norway	52	1	56	2
Denmark	51	2	55	3
Netherlands	47	4	51	4
Austria	44	5	50	5
Belgium	40	9	49	6
France	40	8	48	7
Federal Republic of Germany	41	6	46	8
Britain	40	7	44	9
Finland	38	10	41	10
Italy	31	13	39	11
Canada	37	11	38	12
Australia	29	14	36	13
United States	32	12	34	14
Switzerland	25	16	30	15
Greece	28	15	30	16
Japan	22	17	29	17

Table 2

Taxes as a percentage of GNP at factor cost

	1971 Percentage	Rank	1981 Percentage	Rank
Denmark	49	1	54	1
Norway	39	3	42	2
Sweden	40	2	41	3
Britain	35	4	37	4
Australia	29	9	36	5
Finland	32	7	36	6
Austria	33	6	35	7
Belgium	28	11	34	8
Canada	34	5	34	9
Netherlands	30	8	30	10
Federal Republic of Germany	28	10	28	11
France	25	13	27	12
Italy	19	16	25	13
United States	25	12	25	14
Switzerland	19	15	21	15
Japan	17	17	20	16
Greece	21	14	20	17

In 1971 Britain, with 34 per cent, had been equal fifth out of 14 countries, falling to ninth position ten years later. Britain was one of only four countries in which this proportion was lower in 1981 than in 1971. In the latter year Australia had the highest percentage (46 per cent) and France the lowest (15 per cent).

Between 1971 and 1981 taxes on corporate income as a proportion of revenue in Britain rose marginally, from 8 per cent to 9 per cent. Although Britain was one of only two countries to experience an increase since 1971, three countries were still ranked ahead of it by 1981. In that year Japan had the highest proportion (18 per cent) and Sweden the lowest (2 per cent).

Taxes on expenditure accounted for 43 per cent of total revenue in Britain in 1981; only in Greece was the percentage higher. Britain's proportion had been as low as 36 per cent in 1975 and 1976, rose slightly in each of the following two years and then increased sharply, from 40 per cent to 43 per cent, between 1978 and 1979 with the move towards indirect taxation in the 1979 Budget. This was also the reason for the rise in value added tax (VAT) as

Table 3

Taxes on household income and social security contributions* as a percentage of total personal income

	1971 Taxes on household income	Social security contributions	Total	1981 Taxes on household income	Social security contributions	Total
Sweden	24	4	27	26	1	27
Netherlands	13	9	22	13	10	23
Federal Republic of Germany	12	8	19	13†	10†	22†
Belgium	11	4	15	16	5	20
Switzerland	10	4	15	13	6	19
United States	12	4	15	14	4	19
Britain	15	3	18	14	3	18
Australia	13	—	13	17	—	17
Canada	15	2	16	15	2	17
Italy	5	3	8	12	4	15
France	6	5	10	7	7	14
Japan	6	3	9	8	4	12

*Excluding employers' contributions.
†Data for 1980.
Note: Differences between totals and the sums of their component parts are due to rounding.

a proportion of revenue, from 9 per cent in 1978 to 13 per cent in 1979; however, in 1981 Britain's figure of 13 per cent was still the lowest among the countries in which VAT was levied.

Social security contributions in Britain as a proportion of revenue rose from 14 per cent in 1971 to 19 per cent in 1976 and 1977 and then fell gradually to 17 per cent in 1981, by which time Britain was in thirteenth place out of 16 countries. Fifty-six per cent of social security contributions were provided by employers in Britain, placing it in the middle of those countries for which a comparison was possible.

Taxes on capital account for a low and, in most of the countries concerned, declining share of revenue. In Britain the proportion fell from 2 per cent in 1971 to less than 1 per cent ten years later. In no country was the share as high as 2 per cent in 1981.

Taxes on Household Income and Social Security Contributions in Relation to Total Personal Income

Taxes on household income and social security contributions (excluding those of employers) accounted for 18 per cent of total personal income in Britain in 1981 (see Table 3), placing it seventh out of 12 countries, well behind Sweden (first with 27 per cent) but some way ahead of Japan (last with 12 per cent). Britain and Sweden, both of which had the same shares as in 1971, were the only countries in which the percentage was no higher in 1981; however, Britain's proportion had been 20 per cent in 1976. Between 1971 and 1981 Britain was one of only two countries to experience a fall in taxes on household income as a percentage of total personal income. In Britain, as in all but one of the other countries for which a comparison could be made, social security contributions rose in relation to income.

Shorter Notes

FREEPORTS

The Government has chosen six sites for the location of freeports: Belfast, Birmingham, Cardiff, Liverpool, Prestwick and Southampton. Making the announcement in the House of Commons on 2 February, the Minister of State to the Treasury, Mr Barney Hayhoe, said that 45 applications had been received following his statement on 27 July 1983 (see p 276, 1983) on the terms on which applications would be assessed. The necessary legislation would be included in the Finance Bill to be introduced in March.

The final selection embodied a mixture of airports and seaports as well as a good geographical dispersion, enabling the concept to be properly tested. Each freeport would be closely monitored and formally reviewed after five years.

Source: *Hansard*, Vol 53, No 90, col 411.

OVERSEAS TRADE IN 1983

The surplus on current account of Britain's balance of payments in 1983 was provisionally estimated at £2,016 million compared with £5,378 million in 1982. Visible trade was in deficit by £954 million, while the projected surplus on invisibles was £2,970 million.

The surplus on current account rose from £603 million in the third quarter of 1983 to £803 million in the fourth quarter. The balance on visible trade in the fourth quarter showed a surplus – of £173 million – for the first time in the year. Trade in goods in December was in surplus by £495 million,

a rise of £388 million on the November figure. The projected invisibles surplus of £210 million in December was the same as in the previous two months.

The Minister for Trade, Mr Paul Channon, said in a speech in Birmingham on 25 January that the Treasury forecast of a 4 per cent growth rate in the volume of British exports of goods and services in 1984 was widely accepted as being realistic; some forecasters were suggesting that the outcome could be even better. The current strength of the dollar was certain to provide continuing major opportunities in the United States. Although the pace of last year's remarkable recovery there might moderate, this should be offset for British exporters by a quickening recovery in the crucial west European market, led by the unmistakable upturn in the Federal Republic of Germany (now rivalling the United States as Britain's most important overseas customer). Also, some easing of the debt crisis and an improvement in the export earnings of the developing countries should lead to a revival in their demand after the sharp fall in 1983.

Sources: Department of Trade and Industry press notices, 25.1.84.

WOMEN IN SCIENCE AND ENGINEERING

A major campaign to encourage more girls and women to take up careers in science and engineering (Women in Science and Engineering – WISE) was launched on 17 January. WISE '84 is promoted jointly by the Equal Opportunities Commission (EOC) and the Engineering Council. The campaign will run throughout the year.

Opening the campaign, the Chairman of the Engineering Council, Sir Kenneth Corfield, said that women accounted for only 1 per cent of professional engineers in Britain compared with 9 per cent in the United States; and 94 per cent of the women in engineering worked in unskilled or clerical jobs or as machine operators. Britain was failing to tap this vast pool of talent and ability; industry would be greatly helped if the intelligence which girls and women could bring to engineering were acknowledged and encouraged.

The Chairman of the EOC, Baroness Platt of Writtle – herself a professional engineer – endorsed Sir Kenneth's comments and added that it was vital to remove the barriers that still prevented girls from studying non-traditional subjects, particularly in schools. 'We have to get away from the idea that science, engineering and technology are the sole province of boys and men .... Today, more and more employers are trying to attract girls and women into these areas of work. WISE is about encouraging girls to take up these opportunities of exciting careers.'

In a letter of support to Lady Platt, the Secretary of State for Education and Science, Sir Keith Joseph, welcomed the launch of the campaign. 'Action needs to begin in school. The Department's consultative document *Science Education in Schools*, published in 1982 [see p 216, 1982], underlines the advantages to pupils, both girls and boys, of continuing with broad science courses to the age of 16, and calls on all secondary schools to give every pupil the opportunity of a broad-based science curriculum. I propose to publish a policy statement later in the year on this subject.'

The EOC has written to local education authorities, schools, colleges and over 200 major engineering companies throughout the country, inviting them to take part in the campaign. Following an enthusiastic response, there are now nearly 200 projects in the pipeline; many more existing initiatives will be given an impetus by WISE '84. Projects planned so far include: residential conferences, parents' evenings and careers conventions, children's lectures, science fairs, museum days, technology competitions, school visits by women scientists and engineers, and local education authority initiatives for in-service teacher training.

The Engineering Industry Training Board has published a paper on women in engineering as a contribution to WISE '84.

Sources: Equal Opportunities Commission press notice, 17.1.84; *Women in Engineering*. Engineering Industry Training Board Occasional Paper No 11. Available from Engineering Industry Training Board Publications, PO Box 75, Stockport, Cheshire SK4 1PH. £4. ISBN 0 85083 612 3.

NISSAN CAR PLANT AGREEMENT

The Secretary of State for Trade and Industry, Mr Norman Tebbit, announced to the House of Commons on 1 February that the Government and the Nissan Car Company had reached an understanding for a Nissan car plant to be established in Britain. Subject to a satisfactory outcome of negotiations with Britain's trade unions and local authorities, Nissan would proceed with the construction of a plant on a previously undeveloped site of substantial area (probably around 800 acres or 324 hectares) within a Development or Special Development Area (see p 15).

The first phase would be a pilot plant, to begin production in 1986, providing an assembly capacity of 24,000 cars a year based on imported kits. These would be treated as though they were assembled imports for purposes of the discussions between the Society of Motor Manufacturers and Traders and the Japan Automobile Manufacturers' Association,[1] both of which had given their agreement to this arrangement. During this phase Nissan intended to gain experience of general operating conditions in Britain, develop effective relationships with local component manufacturers and establish the prospects for further development. In the light of this Nissan would decide, not later than 1987, whether to proceed to the second phase which would provide capacity for the full manufacture of

[1]The discussions concern the agreement (similar to those between the Japan Automobile Manufacturers' Association and corresponding organisations in other developed countries) on a voluntary limitation of the proportion of Britain's domestic car market to be accounted for by Japanese cars.

100,000 units a year. If Nissan decided to proceed to the second phase, production would start by 1990 with 60 per cent local content. Full production would be reached in 1991, with 80 per cent local content being achieved and maintained from the middle of that year.

In addition to regional development grants (see p 363, 1982) the Government would be ready to provide selective assistance of up to £35 million if Nissan proceeded to the second phase (equivalent to 10 per cent of the total capital costs of both phases). In the first phase the plant would employ directly between 400 and 500 people, and in the second phase around 2,700 but, particularly in the second phase, the potential total direct and indirect employment would be considerably greater.

The project, Mr Tebbit said, represented an important opportunity to create fresh investment and jobs in the motor industry. It would introduce a major, efficient new domestic customer for the British components sector, and was a constructive step forward in the dialogue between Europe and Japan on trade and investment.

Source: *Hansard*, Vol 53, No 89, col 265.

SEAT BELTS

Statistics for the first eight months of compulsory seat belt wearing show a fall of some 25 per cent in deaths and serious injuries among front-seat occupants of cars and light vans in spite of a 5 per cent increase in this type of traffic. Compulsory wearing of seat belts for adults travelling in the front seats of these vehicles came into force on 31 January 1983 (see p 299, 1982). Speaking on 30 January, the Minister of State for Transport, Mrs Lynda Chalker, said that if the rate of reduction were maintained throughout the 12 months from February 1983 to January 1984 some 550 fewer people would have been killed, some 7,000 fewer seriously injured and about 16,000 fewer slightly injured in road accidents in Great Britain than in the previous 12 months. That would 'represent a very significant contribution to road safety'. Mrs Chalker said that seat belts had saved lives and that wearers of seat belts were only half as likely as non-wearers to be killed or seriously injured in road accidents. Some 95 per cent of drivers and front-seat passengers had been wearing belts in 1983, 'a very good record', compared with 40 per cent in 1982.

Sources: Department of Transport press notices, 12.1.84 and 30.1.84.

ANGLO-ITALIAN HELICOPTER PROJECT

The Governments of Britain and Italy have taken two significant steps towards the joint development of the EH101 helicopter, which will be produced in both commercial and military versions. On 13 January in London a memorandum of understanding was signed covering the development of the military version. On 25 January in Rome a memorandum was signed reflecting government commitment to supporting Westland Helicopters and Giovanni Agusta – the two principal firms involved – in the development of the commercial version. The Minister of State for Industry, Mr Norman Lamont, announced in the House of Commons on 25 January the Government's decision to advance Westland Helicopters up to £60 million in launch aid over the six years beginning 1984-85 towards the company's share of the project. Repayment will be by means of a levy on aircraft sales and spares. Subject to the successful completion of approval processes in Italy, a development contract is expected to be signed with EH Industries (a joint Westland and Agusta company) in the near future.

The commercial version of the EH101 is likely to be produced in two variants: passenger-carrying and utility. Its development will be supported by the Department of Trade and Industry and the Italian Ministry of Industry and Commerce.

The military version is conceived as a naval anti-submarine warfare helicopter; in this role it will replace the Royal Navy's Sea King and the Italian navy's SH3D helicopters from the early 1990s. Development costs will be borne by the Ministries of Defence of the two countries.

Sources: Department of Trade and Industry press notice, 25.1.84; *Hansard*, Vol 52, No 84, written answers, col 566.

WITHDRAWAL OF ½p COIN

The Royal Mint is to stop the issue of the ½p coin from 29 March. Announcing this in the House of Commons on 1 February, the Chancellor of the Exchequer, Mr Nigel Lawson, said that he had decided that the coin no longer fulfilled a useful function, its manufacturing costs now exceeding its face value. It would remain legal tender for the time being but demonetisation was likely by the end of 1984. The impact on retail prices was expected to be negligible.

Source: *Hansard*, Vol 53, No 89, written answers, col 207.

SOCIAL AND CULTURAL AFFAIRS

Funding the Arts

The Government's response to a report on the public and private funding of the arts by the Education, Science and Arts Committee of the House of Commons is contained in a White Paper[1] published on 25 January.

The Government refers to the benefits arising from public investment in the arts and considers that the Committee might have recognised more fully the attainments of the arts in Britain. It notes the steady growth of business sponsorship and the steps taken to ensure that the arts are more accessible to people in the regions. In rejecting the Committee's recommendation for a new ministry for the arts, heritage and tourism, the Government emphasises the important role of the existing Office of Arts and Libraries under the Minister for the Arts.

Funding

The White Paper welcomes the Committee's report[2] as providing a serious and informed discussion of the whole area of arts funding. With regard to the current state of the arts in Britain, however, it notes with regret what was said in the Committee's evidence about 'the degree of dissatisfaction and disarray' in the arts world. Since the Committee had reported, it points out, the Government had made available a further £8 million at the end of the financial year 1982-83 [in addition to a government grant that year to the Arts Council (see below) of £86 million] while for 1984-85 an additional £4·1 million would be granted to improve the finances of the Royal Opera House, Covent Garden, the Royal Shakespeare Company, and four other opera companies, and accumulated deficits of £3·5 million would be written off. The volume of public support to the arts, says the White Paper, was increasing year by year. While in present circumstances there were constraints which called for changes in attitude and close attention to good financial management, this need not imply any serious diminution in standards. In spite of a disappointing economic performance Britain's artistic standards remained very high, and the Government was convinced that the level of support which it had been able to provide would ensure continued high standards.

In the Government's view, says the White Paper, the Committee's report might have recognised more fully the attainment of the arts in Britain. Not merely were its achievements in the field of theatre, dance, music, arts, literature and film of worldwide rather than purely national significance, but the core of subsidised support for the arts was important for the welfare of a much wider, and very profitable, range of arts activities. Britain enjoyed great commercial success in such fields as the development and export of television and film material, pop music, the record and video industries and the publishing industry. A planned policy of public support had encouraged both the standard of excellence achieved by the major arts companies and a much greater degree of geographical coverage throughout Britain. Effective steps had been taken to ensure that the arts were increasingly accessible to those living at a distance from London, for example through the support given to companies such as Opera North, and the work of the Scottish and Welsh arts councils. The Committee had drawn attention to the contribution of the arts to tourism; there was no doubt that in the museum field Britain remained a world leader.

Given this general record of success and achievement, many people felt that further public money spent on the arts could provide benefits out of proportion to the expenditure involved. In the Government's view, however, the need for orderly control of public spending must for the foreseeable future outweigh the importance of substantially higher expenditure on the arts and museums – of the order of 20 per cent – called for by the Committee. But this did not mean that present action or improvement was out of the question; there was, for example, a still growing interest in commercial sponsorship. Since the Government's policy for the increased use of joint funding was announced in 1979, private sponsorship had increased to an estimated £14 million a year. The Government remained committed to seeing that growth continue, and a special unit had been set up in the Office of Arts and Libraries with responsibility for sponsorship policy.

Administration

Discussing the recommendations of the Committee on the future role of central government in the

[1] *Public and Private Funding of the Arts*. Observations by the Government on the Eighth Report from the Education, Science and Arts Committee, Session 1981-82. Cmnd 9127. HMSO, £3·15. ISBN 0 10 191270 6.

[2] *Public and Private Funding of the Arts*. Eighth Report from the Education, Science and Arts Committee of the House of Commons, Session 1981-82. Vol 1. Report. HMSO, £7·10. ISBN 0 10 009312 4. Vol 2. Minutes of Evidence. HMSO, £13·95. ISBN 0 10 009382 5*. Vol 3. Minutes of Evidence and Appendices. HMSO, £13·20. ISBN 0 10 009392 2*.

administration of the arts, the White Paper says that the main direction of the recommendations (including the creation of a ministry of the arts, heritage and tourism) was towards the tighter co-ordination of central administration of the arts and a form of administration which was more arts orientated. The creation of a new ministry with wider responsibilities was not in the Government's view, however, the only, nor even the best, means of ensuring that arts interests were strongly and effectively articulated in government. Recent measures to strengthen the independence of the Office of Arts and Libraries under its own Arts Minister and with its own budget would be of value in this respect, while the Minister for the Arts was invited to attend the Cabinet and other ministerial meetings when issues affecting the Office were discussed.

On the Committee's recommendation that more detailed statistics on the arts be made available, the White Paper says that this has already been met by the sponsorship of the Policy Studies Institute publication *Facts about the Arts: a summary of available statistics* (see p 348, 1983).

Discussing the recommendation for a twenty-year programme of arts development, the White Paper says that, since in all its other spheres of action government projections are based on a three- or four-year cycle, it would be difficult to make exceptions for particular areas and to plan in terms of a period five times as long. The Arts Council and other bodies had for some time, however, operated a number of long-term projects, for example plans to provide adequate centres for drama in all parts of Great Britain, and the Government would encourage other bodies to do the same.

The Arts Council

One of the main themes of the Committee's recommendations, says the White Paper, was the call for a wider degree of devolution and decentralisation of both funds and responsibilities. The most important consequence of such changes, it says, would be a fundamental alteration in the present role and scope of the Arts Council. The Council had been in existence for nearly forty years and in that period had served an essential purpose by ensuring that government funds for the living and performing arts were effectively and fairly distributed. The Government considered that the Arts Council's role should not become merely or mainly advisory. Its success as a skilled and fair distributor of funds would be seriously eroded if parts of its present duties were placed elsewhere. Moreover, during the past five years the Council had already devolved to the Regional Arts Associations routine responsibility for some 150 client organisations and schemes. The need for further devolution of responsibilities was being considered.

Shorter Note

PROGRESS IN THE NEW TOWNS

Announcing a further increase in the availability of public loans for new towns in England, Scotland and Wales from £4,500 million to £5,000 million to allow them to complete their development programmes, the Under-Secretary of State for the Environment, Sir George Young, said in the House of Commons on 17 January that the current limit, set in 1982, had lasted longer than expected 'because of the towns' excellent performance in achieving industrial, commercial and housing receipts'. Since 1979 the English towns alone had sold £600 million worth of assets. The Government's success in reducing interest rates meant that the new towns had had to borrow less than expected to roll over existing debt. Although the new towns programme was moving towards its conclusion, there remained work to be done to ensure that the towns were complete and viable communities.

Achievements by new towns on shared ownership (part owning, part renting), 'starter' homes (small houses which can later be extended) and similar low-cost initiatives had been 'outstanding'. By the end of September 1983 more than 15,000 new town homes had been sold to their tenants, and almost one in five new town tenants now owned their own home. The activities of the development corporations in sales, development, and provision of sites to the private sector were 'necessary to achieve and maintain the right balance of private and publicly owned property in the new towns'.

Over the past few years the new towns had created some 20,000 new jobs a year, which Sir George described as 'a vital contribution to the welfare of their own communities and indeed to their regions'. As with housing, this was being achieved through a fruitful partnership between development corporations and the private sector. 'Typically, the corporation provides the basic infrastructure, including the actual site; and the private firm which will occupy it then puts up its own building and fits it out or the corporation works in partnership with a financial institution, through a lease and lease-back arrangement.'

The Government had already announced its intention of winding up eight development corporations[1] in 1984 and 1985, using the Commission for the New Towns. The position of the new towns in the north-east of England was being reviewed and the future of the Commission was being considered; meanwhile, it would continue its successful programme of disengagement.

Source: *Hansard*, Vol 52, No 79, cols 277-91.

[1]Aycliffe, Basildon, Central Lancashire, Northampton, Peterlee, Redditch, Skelmersdale, Washington.

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Government and Administration

Civil List Acts 1972 and 1975. Report of the Royal Trustees, HC 183 (see p 43). HMSO, £2·80. ISBN 0 10 218384 8.

Representation of the People Acts. The Government Reply to the First Report from the Home Affairs Committee, Session 1982-83, HC 32-1 (see p 43). Cmnd 9140. HMSO, £3·15. ISBN 0 10 191400 8.

External Affairs and Defence

Turks and Caicos Islands. COI, No 203/83.

Economic and Scientific Affairs

The Survey of Personal Incomes 1979-80. The survey shows, among other things, that median income in Britain in 1979-80 amounted to £4,570. By region, median income was highest in Yorkshire and Humberside (£4,773) and lowest in Northern Ireland (£3,679). Board of Inland Revenue. HMSO, £10·75. ISBN 0 11 641316 6.

Committee on Enforcement Powers of the Revenue Departments: Report. Chairman: The Rt Hon The Lord Keith of Kinkel, PC. Volume 3. Discusses enforcement powers associated with development land tax, petroleum revenue tax, capital transfer tax and stamp duties. Earlier volumes (see p 145, 1983) have dealt with income tax, corporation tax, capital gains tax and value added tax (VAT). The final volume, expected later in 1984, will cover Customs and Excise duties other than VAT. Cmnd 9120. HMSO, £9·95. ISBN 0 10 191200 5.

Review of Investor Protection. Report: Part 1 by L. C. B. Gower (see p 58). Cmnd 9125. HMSO, £9·90. ISBN 0 10 191250 1.

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A New Training Initiative. Adult Training: MSC Proposals for Action (see p 60). Available free from the Manpower Services Commission, Moorfoot, Sheffield S1 4PQ. ISBN 0 86392 036 5.

Women in Engineering. Engineering Industry Training Board Occasional Paper No 11 (see p 67). Available from Engineering Industry Training Board Publications, PO Box 75, Stockport, Cheshire SK4 1PH. £4. ISBN 0 85083 612 3.

Annual Review of Agriculture 1984. Cmnd 9137. HMSO, £6. ISBN 0 10 191370 2.

The Government Response to the First Report from the Committee on Welsh Affairs Session 82-83 Entitled Water in Wales. Cmnd 9138. HMSO, £3·60. ISBN 0 10 191380 X.

London Transport Executive. A report on the arrangements made by the Executive for the maintenance of buses and coaches. Cmnd 9133. Monopolies and Mergers Commission. HMSO, £9·60. ISBN 0 10 191330 3.

Annual Review of Government Funded R and D [Research and Development] *1983* (see p 61). Cabinet Office. HMSO, £5. ISBN 0 11 630825 7.

Social Science Research Council Annual Report 1982-83. Published by the Council at 1 Temple Avenue, London EC4Y 0BD. £2·50. ISBN 0 86226 130 9.

[The Council's name has been changed to the Economic and Social Research Council.]

Remote Sensing and Digital Mapping. First Report from the House of Lords Select Committee on Science and Technology, Session 1983-84.

Vol I. Report. HMSO, £7. ISBN 0 10 492184 6.

Vol II. Evidence. HMSO, £16. ISBN 0 10 492284 2.

Industrial Air Pollution Health and Safety 1982. HMSO, £5. ISBN 0 11 883744 3.

Acid Rain Deposition in the United Kingdom. The report, by the Warren Spring Laboratory for the Department of the Environment, provides a detailed account of present knowledge on the extent of acid rain deposition in Britain. It shows that in high rainfall areas the deposition of acidity in rain is similar to that found in sensitive areas of Scandinavia and North America, and that at most locations much of this deposition occurs on only a few days. The report recommends more extensive and better defined measurements of acid deposition, and fur-

ther studies to improve knowledge of transport mechanisms and chemical reactions in the atmosphere and of deposition processes. Available from the Warren Spring Laboratory, Gunnels Wood Road, Stevenage, Hertfordshire SG1 2BX. £10. ISBN 0 85624 323 X.

Social and Cultural Affairs

Criminal Injuries Compensation Board. Nineteenth Report. Accounts for the year ended 31st March 1983. The report records the highest number of new applications received in 1982-83 (29,440) and the largest amount paid out (£29 million). During the year awards for bereavement as a result of criminal injury were introduced. Cmnd 9093. HMSO, £4·95. ISBN 0 10 190930 6.

Report of an inquiry by HM Chief Inspector of Prisons into the security arrangements at HM Prison, Maze, relative to the escape on Sunday 25 September 1983, including relevant recommendations for the improvement of security. . . . The report by Sir James Hennessy criticises security measures at the prison and makes recommendations for improved security procedures. HMSO, £6. ISBN 0 10 220384 9. In a statement on the report in the House of Commons on 26 January (*Hansard*, Vol 52, No 85, cols 1053-62) the Secretary of State for Northern Ireland outlined action taken to improve security in the prison.

Prison Education. The Government Reply to the First Report from the Education, Science and Arts Committee Session 1982-83, HC 45-1. Among the Select Committee's recommendations with which the Government agrees is the need for greater contact between the prison education service and local education authorities. Cmnd 9126. HMSO, £2·25. ISBN 0 10 191260 9.

Maternity Care in Action Part II: Care during Childbirth. Second report of the Maternity Services Advisory Committee. The report recommends ways of making childbirth a safer and more satisfying experience. Available from DPSU (Leaflet Unit), PO Box 21, Stanmore, Middlesex HA7 1AY. 75p. ISBN 0 946539 22 7.

The Tower of London. COI, No 110/84.

Public and Private Funding of the Arts. Observations by the Government on the Eighth Report from the Education, Science and Arts Committee, Session 1981-82 (see p 69). Cmnd 9127. HMSO, £3·15. ISBN 0 10 191270 6.

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